

FLORIDA

Clarence J. Carlton, Arcadia.
 Ralph C. Allen, Auburndale.
 Mary Joyner, Bagdad.
 Capers S. Weathersbee, jr., Branford.
 Walter C. Gholson, Chattahoochee.
 Thomas J. Bulford, Hilliard.
 James A. Zipperer, Madison.
 Lera H. Davis, Mayo.
 Daisy D. Pollard, Miami Springs.
 William D. Fletcher, Tarpon Springs.

ILLINOIS

William M. Rentschler, Allendale.
 John M. Bradley, Cypress.
 Fred W. Neuman, Grand Ridge.
 Roy M. Dalrymple, Oblong.
 Edward F. Ledoyt, Sandwich.

MAINE

Ralph A. Bessey, Canton.
 G. Walter Akers, Kents Hill.
 Charles E. Toothaker, Phillips.
 Phoebe Stevens, Portage.
 Edward R. Veazie, Rockland.

MARYLAND

Charles H. Johnson, Edgewood.

MASSACHUSETTS

Henry D. Ainsworth, Grafton.
 John R. Walsh, Topsfield.

NEW HAMPSHIRE

Lauriston M. Goddard, Ashland.

NEW JERSEY

Rosteen H. Jones, Bayhead.
 Clarence E. Glover, Blackwood.
 Z. Charles Challice, Fairlawn.
 Charles W. Foster, Grenloch.
 John W. Barnett, Hillsdale.
 William A. Sweeney, Red Bank.
 Elsie Brown, River Edge.
 Ethel B. Carr, Stratford.
 John P. Ryan, Warren Point.

OHIO

Frank L. Lee, Campbell.

PORTO RICO

Nicolas O. Lehon, Aibonito.
 Cristina G. Sandoval, Hato Rey.
 Roque Rodriguez, Ponce.
 Jose Monserrate, Salinas.
 Juan V. Hernandez, San Sebastian.

TENNESSEE

John M. Whiteside, Bellbuckle.
 Elbert D. Corlew, Charlotte.
 Walter B. Clark, Collegedale.
 Douglas B. Hill, Collierville.
 Rufus N. McCaslin, Dickson.
 Gordon P. Hyatt, Ducktown.
 Lon McCaleb, Dyersburg.
 Homer E. Alexander, Hartsville.
 Luther D. Mills, Middleton.

HOUSE OF REPRESENTATIVES

MONDAY, MARCH 28, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Bestow upon us, O Lord, our God, that endowment of light and grace which are necessary to lift into the largest and noblest life; allow not courage and conviction to succumb to weakness. O Spirit of Might, inspire us to unyielding devotion to the right as Thou, O God, giveth us to see

the right. Lead us into the fullness of that which is wisest and best. Through these laboring, waiting hours make all minds considerate and patient. Wilt Thou grant to those who are bearing heavy burdens that require constant thought and endeavor relief from weariness, and may they have an alliance with Thee that gives strength and vision. Our Heavenly Father, may we all bend ourselves to our tasks, and thus while helping others we shall find ourselves illuminated and blest. Amen.

The Journal of the proceedings of Saturday, March 26, 1932, was read and approved.

CALL OF THE HOUSE

Mr. WARREN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently there is not a quorum present.

Mr. WOODRUM. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 34]

Abernethy	Crump	Lewis	Selberling
Auf der Heide	Cullen	Lindsay	Shannon
Ayres	Davenport	Linthicum	Sirovich
Bacharach	De Priest	Lozier	Smith, Va.
Beam	Dickstein	McFadden	Smith, W. Va.
Beck	Doutrich	McGugin	Sparks
Beedy	Drane	McLaughlin	Steagall
Beers	Freeman	McMillan	Stokes
Bolton	Garber	Maas	Strong, Pa.
Britten	Golder	Manlove	Sullivan, Pa.
Brumm	Granata	Miller	Sweeney
Bulwinkle	Granfield	Mobley	Tilson
Burdick	Greenwood	Murphy	Tucker
Carley	Griffin	Nelson, Wis.	Underwood
Celler	Hancock, N. C.	Oliver, Ala.	Watson
Chapman	Houston	Owen	Weaver
Chase	Hull, William E.	Palmisano	Weeks
Chiperfield	Igoe	Peavey	Welsh, Pa.
Cochran, Pa.	Johnson, Ill.	Perkins	Wolcott
Collier	Johnson, S. Dak.	Ransley	Wolfenden
Connery	Karch	Reid, Ill.	Wood, Ga.
Cooper, Ohio	Kennedy	Rudd	Wood, Ind.
Corning	Kurtz	Sabath	Wyant
Coyle	Lehlbach	Schuetz	

The SPEAKER. Three hundred and thirty-five Members have answered to their names. A quorum is present.

Mr. POU. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

RELIEF OF DRAINAGE AND IRRIGATION DISTRICTS

Mr. HALL of Mississippi. Mr. Speaker, under clause 4, Rule XXVII, I move that the Committee on Rules be discharged from further consideration of House Resolution 117, which is a proposed rule for the consideration of the bill H. R. 4650.

The SPEAKER. The gentleman from Mississippi moves to discharge the Committee on Rules from further consideration of a resolution, House Resolution 117, which the Clerk will report by title.

The Clerk reported the title of the House resolution.

The SPEAKER. Under the rules the gentleman from Mississippi [Mr. HALL] is entitled to 10 minutes; the gentleman from North Carolina 10 minutes.

Mr. PURNELL. Mr. Speaker, may I ask the gentleman from North Carolina if it is his intention to yield me a part of the time?

Mr. POU. One-half of the time to which I am entitled, which is five minutes, I yield to the gentleman from Indiana.

Mr. PURNELL. The gentleman gives me the full five minutes?

Mr. POU. Yes.

Mr. HALL of Mississippi. Mr. Speaker, I yield five minutes to the gentleman from California [Mr. SWING].

Mr. SWING. Mr. Speaker, obviously it is impossible to discuss the merits of the bill which will be the subject matter before the House if the Committee on Rules is discharged. Obviously, it was not intended, under the rule under which we are now operating, that the merits should at this time be discussed. What I shall present to you will be not the merits but the reasons for giving the Committee on Irrigation and Reclamation an opportunity to present the merits,

to give the committee its opportunity to have its day in court.

The situation before the House to-day is not the usual one which we think of when we think of the discharge rule. This is not a case of discharging a committee which has before it the consideration of an important bill, against the consent of the committee, probably without hearings by the committee, frequently without consideration of the bill by the committee. On the contrary, this bill has been thoroughly considered. Full hearings have been held. The bill has been studied, it has been perfected, and it has been reported unanimously by the Committee on Irrigation and Reclamation. It not only has been reported unanimously by the committee at this session of Congress, when a majority of the committee were Democrats, but last session a similar bill had exhaustive hearings, was thoroughly studied, and was unanimously reported by the committee, when a majority of its members were Republicans. The committee feels that this legislation, while it was desirable last session, because of conditions which now exist in the districts affected by the bill, is absolutely necessary this year. In fact, the committee feels that this is the most important, the most vital, and the most urgent piece of legislation that it has had either at this session of Congress or at the last session of Congress. What the committee asks is that it be accorded its day in court; that it be accorded an opportunity to present to you the clear and convincing evidence which was presented to the committee, and which convinced the entire committee of the importance and of the necessity for this legislation.

The safeguards in this bill for the Public Treasury have been most carefully worked out so that there will not be one single dollar lost to the Public Treasury by the operation of this bill, because of the provision for reappraisal of the lands within the district to be affected by it, and by compulsory reduction of the outstanding debts against the district.

Entire communities totaling investments a hundred times the amount involved in this bill are in danger of being wiped out unless financial relief is afforded these districts. They must function if the communities are to continue to exist. In drainage districts worn-out pumping machinery must be replaced; in levee districts, the levees must be rebuilt and strengthened; in irrigation districts the canals must be repaired, and if these things are not done the community is faced with destruction. Many of these districts can not borrow a dollar to do this absolutely necessary work. Ten per cent of the districts are actually in default. Their default in turn has destroyed the credit of the remaining districts. If the districts fail to function, the communities dependent upon them will soon cease to exist.

Only a little while ago Congress voted \$2,000,000,000 for loans to restore and stabilize the credit of private corporations to save business from ruin. That was proper enough. But business can always be restored if the community is preserved. If the community is destroyed, business is gone forever. Therefore we should be willing to act to-day to save these communities from ruin by voting \$100,000,000 to restore and stabilize the credit of these districts. Let it not be said that we favored billions for private corporations but not one dollar for public corporations, that we favored billions for business but not one cent for the people. I sincerely hope that this motion will prevail and that the bill will be passed. [Applause.]

The SPEAKER. The time of the gentleman from California has expired.

Mr. PURNELL. Mr. Speaker, I yield myself five minutes.

Mr. Speaker, I hope my judgment on the merits of this bill has not been warped by my sincere opposition to this method of legislating. I am fundamentally opposed to this method of bringing legislation onto the floor of this House [applause], but I am now trying to overlook that objection and state as briefly as I can, in three or four minutes, the opposition which many of us share to the bill itself.

In the first place, this is a Treasury drainage bill instead of a bill for the relief of farmers. [Applause.] It author-

izes an appropriation of \$100,000,000, and at the most inopportune time such a suggestion could ever be made to the American Congress. [Applause.] It promises more than that. There are certain solvent drainage districts in the country which, if this bill is passed, would immediately take steps to make themselves insolvent in order that they might come within the provisions of the bill or secure additional legislation. In that event it would be necessary to appropriate \$391,000,000 to take care of all drainage districts.

This matter has been before our Committee on Rules at least twice. We have had hearings on it. We have gone into it thoroughly. I say to you, gentlemen, this is not the opportune time to consider this matter even on its merits. I certainly hope the House will vote down this motion to discharge the Rules Committee and reassure the country of its sanity.

Obviously I can not go into details nor dwell at length upon the merits of the bill, but I do want to leave this thought with you: If this is a bill for the relief of farmers, it would only relieve a handful of them, and we ought to do something for all of the farmers of the Nation rather than for a specific group. I am not sure it is actually a bill calculated to relieve any appreciable number of farmers. My honest judgment is that this is a bondholders' relief bill rather than a bill for the relief of those who live in the drainage districts. [Applause.] All of the propaganda that has come to me has come from those who own bonds. I feel sorry for them. I should like to see them have some relief. But, gentlemen, until we can take some steps in this House to reduce expenditures, to balance our Budget, and, most important of all, find the money with which to pay for the things we want, it is no time to give even them consideration. [Applause.]

Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Mississippi. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HALL of Mississippi. How is the time divided?

The SPEAKER. Ten minutes on a side.

Mr. HALL of Mississippi. I have five minutes in rejoinder, have I not?

The SPEAKER. The gentleman from Mississippi has five minutes remaining, and the gentleman from North Carolina [Mr. POU] has five minutes.

Mr. HALL of Mississippi. The gentleman from North Carolina is supposed to consume his entire 10 minutes, and then I have five minutes in which to close the debate.

The SPEAKER. The gentleman is entitled to close the debate.

Mr. POU. Mr. Speaker, I yield two minutes to my colleague from North Carolina [Mr. WARREN].

Mr. WARREN. Mr. Speaker, this is the most far-reaching, the most dangerous, and the most vicious measure that will probably come before this House in a long time to come. [Applause.] If we discharge this committee to-day, we might as well open the floodgates and allow every half-baked bill, every unsafe piece of legislation, and every "ism" to descend upon us for consideration.

This is purely a bondholders' bill. [Applause.] It is for the purpose of having bonds come to par that have been hawked about this country for 15 and 20 cents on the dollar. It was conceived by the bondholders and fostered and nourished by the high-priced and powerful lobby now adorning these galleries. [Applause.]

They call it a farmers' measure. There is not one dollar's worth of relief to any farmer in the Nation. I know something about drainage districts. The largest pumping plant on the face of the earth is in my district, and we have a great many other smaller districts there. Not a single farmer—and the farmers have studied this bill ever since it was presented—has ever asked me to support it. But, on the other hand, as the gentleman from Indiana has said, every single bond attorney and every man who might own some of these bonds has come here and lobbied for it.

I hope the House will kill this unwise measure by voting it down right now. [Applause.]

Mr. PURNELL. Mr. Speaker, I yield my remaining minute to the gentleman from North Carolina, if he cares to use it.

The SPEAKER. The gentleman from North Carolina is recognized for four minutes.

Mr. POUL. Mr. Speaker, up to this moment this Congress has appropriated between \$2,000,000,000 and \$3,000,000,000 without raising one single dollar of revenue.

As has been said, this is a proposal to take care of \$391,000,000 of irrigation and reclamation bonds. There is no more justification, Mr. Speaker, for taking care of that many irrigation bonds than there is to take care of the same number of mortgages in the city of New York or in the city of Philadelphia or the same number of mortgages throughout any other section of the United States. [Applause.] Many millions of farmers in this Nation can not even pay interest charges; why make those living on irrigation projects a preferred class?

Gentlemen, for God's sake, it is time to call a halt. The members of the Committee on Rules in the exercise of our conscientious legislative duty as we saw it have not seen fit to give preferential status to this measure. I am willing to stand until doomsday to keep off the floor of this House all measures except those which are absolutely necessary to run the Government. [Applause.] If you wish to discharge the Rules Committee, that is your province. I shall endeavor to discharge my duty as God gives me light to see, regardless of the effect on my political fortunes.

This same measure was before the last Congress, as was stated, but no action was taken. Now the same pressure is brought to bear in favor of it by the same lobby.

As has been said, this is not a farm-relief measure. It is nothing in the world but a bondholders' bill.

Let us address ourselves to two great objectives. First, economy. Reduce our own salaries not less than 20 per cent, as I believe we should. [Applause.] Reduce expenditures of Government. Save a couple of hundred million dollars in that way, and then let us address ourselves to the still greater task of raising sufficient money to balance the Budget. [Applause.]

There are times, Mr. Speaker, when men in this body must take their political lives in their hands. You may call me a fool. You may call me a rascal, but for God's sake I do not want you to call me a demagogue. [Applause.] Until I can see more clearly ahead than I do now, regardless of what the consequences may be, I shall do all in my power to keep off of the floor of the House all measures except those which I believe are absolutely necessary to maintain and sustain this Government. If you run over us, the consequences are yours. [Applause.]

Mr. HALL of Mississippi. Mr. Speaker, I yield five minutes to the gentleman from Arkansas [Mr. DRIVER].

Mr. DRIVER. Mr. Speaker, the gentleman from California [Mr. SWING] has expressed to this House the attitude of the advocates of this bill, and that is to plead for a hearing. I do not care what type of legislation is offered here; if it is backed by a very considerable number of the membership of this House it is entitled to consideration. I have never yet been able to step into the corridors of this House without finding some fellow on his hind legs with his ears laid back braying, "A bond bill!"

Let me tell you the type of bill we have here. There was a petition filed with the names of 213 of the Members of this House before the Rules Committee asking for a hearing on the merits of this bill, and when that number of our colleagues express an interest in the legislation the cry of a bond bill is not a sufficient answer.

The gentleman from California [Mr. SWING] told you that community life is involved in this proposed legislation, and I want to emphasize the statement and offer the expression at this late hour of the session that there has been appropriated from two to three billion dollars for the private corporations is not a sufficient answer to our plea. I supported that measure. You have provided relief for every type of corporation, but not one dollar is provided for the distressed communities asking for relief under the provisions

of this bill. Here is another thing I want to impress upon you. Not one dollar of Federal farm-loan money or joint-stock land-bank money or money under any other provision made by the National Treasury can be applied to one acre of the land where this community life is going down. They have built towns and cities in these areas, and because 10 per cent of them are in default the other 90 per cent of them must lose their credit. This is the condition they are in to-day. If we can rehabilitate the 10 per cent in default, 90 per cent of all the districts that have been reclaimed will have their financial credit restored, and it will not be necessary to give them the aid sought in this bill. Can we do other than ask you to let us present the bill? If it is a bond bill, you will vote it down; but, gentlemen, when two-thirds of the membership on this side of the House and one-third of the membership on the other side of the House petition for a hearing on this legislation, are you satisfied when it is charged that it is a bond bill and foreclose an opportunity to present the legislation?

As a matter of fairness, I appeal to you to give us an opportunity to present the matter to you.

[Here the gavel fell.]

The SPEAKER. The question is, Shall the Committee on Rules be discharged from further consideration of the resolution (H. Res. 117)?

Mr. HALL of Mississippi. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 133, nays 204, answered "present" 2, not voting 93, as follows:

[Roll No. 35]

YEAS—133

Adkins	Doxey	Keller	Rankin
Allen	Driver	Kelly, Pa.	Romjue
Amle	Dyer	Kemp	Sanders, Tex.
Andresen	Eaton, Colo.	Kniffin	Sandlin
Arentz	Englebright	Knutson	Schafer
Arnold	Evans, Mont.	Kopp	Schneider
Barbour	Fernandez	Kvale	Selvig
Barton	Finley	Lambertson	Sinclair
Boileau	Free	Lankford, Ga.	Smith, Idaho
Briggs	French	Leavitt	Spence
Britten	Fulbright	Loofbourow	Summers, Wash.
Browning	Fuller	Lovette	Sumners, Tex.
Buchanan	Fulmer	McKeown	Swank
Buckbee	Gasque	Maas	Swing
Butler	Glover	Major	Tarver
Cannon	Goodwin	Maloney	Taylor, Colo.
Carter, Wyo.	Green	Manlove	Taylor, Tenn.
Cary	Gregory	Mansfield	Thomason
Chavez	Griswold	Martin, Oreg.	Timberlake
Christgau	Guyer	May	Welch, Calif.
Clague	Hadley	Milligan	West
Cochran, Mo.	Hall, Miss.	Montet	Whittington
Collins	Hardy	Moore, Ky.	Williams, Mo.
Colton	Hastings	Nelson, Mo.	Williams, Tex.
Connery	Hawley	Niedringhaus	Williamson
Cooper, Tenn.	Hill, Wash.	Overton	Wilson
Crall	Holaday	Parker, Ga.	Wingo
Crump	Hopkins	Parks	Withrow
Curry	Horr	Parsons	Woodruff
DeRouen	Johnson, Mo.	Patman	Yates
Dickinson	Johnson, Tex.	Peavey	Yon
Dies	Johnson, Wash.	Person	
Dieterich	Kading	Ragon	
Dominick	Kahn	Rainey	

NAYS—204

Aldrich	Burness	Davis	Gilbert
Allgood	Byrns	Delaney	Gilchrist
Almon	Cable	Doughton	Gillen
Andrew, Mass.	Campbell, Iowa	Douglas, Ariz.	Goldsborough
Andrews, N. Y.	Campbell, Pa.	Douglass, Mass.	Goss
Auf der Heide	Canfield	Doutrich	Haines
Bachmann	Carden	Dowell	Hall, Ill.
Bacon	Cartwright	Drewry	Hall, N. Dak.
Baldrige	Caviechia	Eaton, N. J.	Hancock, N. Y.
Bankhead	Christopherson	Erk	Harlan
Beedy	Clark, N. C.	Eslick	Hart
Black	Clarke, N. Y.	Estep	Haugen
Bland	Cole, Iowa	Evans, Calif.	Hess
Blanton	Cole, Md.	Fiesinger	Hill, Ala.
Bloom	Condon	Fish	Hoch
Boehne	Cooke	Fishburne	Hogg, Ind.
Bohn	Cox	Fitzpatrick	Hogg, W. Va.
Boland	Crisp	Flannagan	Hollister
Bowman	Cross	Foss	Holmes
Boylan	Crosser	Gambrill	Hooper
Brand, Ga.	Crowe	Garber	Hope
Brand, Ohio	Crowther	Garrett	Hornor
Brunner	Culkin	Gavagan	Houston, Del.
Burch	Dallinger	Gibson	Howard
Burdick	Darrow	Gifford	Huddleston

Hull, Morton D.	McGugin	Pou	Strong, Kans.
Jacobson	McLaughlin	Prall	Sutphin
James	McLeod	Pratt, Harcourt J.	Swanson
Jeffers	Magrady	Purnell	Swick
Jenkins	Mapes	Ramseyer	Taber
Johnson, Okla.	Martin, Mass.	Ramspeck	Temple
Jones	Mead	Reed, N. Y.	Thatcher
Kendall	Michener	Reilly	Thurston
Kerr	Millard	Rich	Tierney
Ketcham	Mitchell	Robinson	Tinkham
Kinzer	Mobley	Rogers, Mass.	Treadway
Kleberg	Montague	Rogers, N. H.	Turpin
LaGuardia	Moore, Ohio	Sanders, N. Y.	Underhill
Lambeth	Morehead	Seger	Vestal
Lamneck	Mouser	Shallenberger	Vinson, Ga.
Lanham	Nelson, Me.	Shott	Vinson, Ky.
Lankford, Va.	Nelson, Wis.	Shreve	Warren
Larrabee	Nolan	Simmons	Wason
Lichtenwalner	Norton, Nebr.	Snell	Weaver
Loneragan	Norton, N. J.	Snow	White
Luce	O'Connor	Somers, N. Y.	Whitley
Ludlow	Oliver, Ala.	Stafford	Wigglesworth
McClintic, Okla.	Oliver, N. Y.	Stalker	Wood, Ind.
McClintock, Ohio	Parker, N. Y.	Steagall	Woodrum
McCormack	Partridge	Stevenson	Wright
McDuffie	Pittenger	Stewart	Wyant

ANSWERED "PRESENT"—2

Carter, Calif. Patterson

NOT VOTING—93

Abernethy	Davenport	Lea	Seiberling
Ayres	De Priest	Lehlbach	Shannon
Bacharach	Dickstein	Lewis	Sirovich
Beam	Disney	Lindsay	Smith, Va.
Beck	Drane	Linthicum	Smith, W. Va.
Beers	Frear	Lozier	Sparks
Bolton	Freeman	McFadden	Stokes
Brumm	Golder	McMillan	Strong, Pa.
Bulwinkle	Granata	McReynolds	Sullivan, N. Y.
Busby	Granfield	McSwain	Sullivan, Pa.
Carley	Greenwood	Miller	Sweeney
Celler	Griffin	Murphy	Tilson
Chapman	Hancock, N. C.	Owen	Tucker
Chase	Hare	Palmisano	Underwood
Chindblom	Hartley	Perkins	Watson
Chipherfield	Hull, William E.	Pettengill	Weeks
Clancy	Igoe	Polk	Welsh, Pa.
Cochran, Pa.	Johnson, Ill.	Pratt, Ruth	Wolcott
Collier	Johnson, S. Dak.	Ransley	Wolfe
Connolly	Karch	Rayburn	Wolverton
Cooper, Ohio	Kelly, Ill.	Reid, Ill.	Wood, Ga.
Corning	Kennedy	Rudd	
Coyle	Kurtz	Sabath	
Cullen	Larsen	Schuetz	

So the motion to discharge the Committee on Rules was rejected.

The following pairs were announced:

On the vote:

Mr. Patterson (for) with Mr. Tilson (against).
 Mr. Carter of California (for) with Mr. Bolton (against).
 Mr. Polk (for) with Mrs. Pratt (against).
 Mr. Lozier (for) with Mr. McFadden (against).
 Mr. Shannon (for) with Mr. Beck (against).
 Mr. Wolcott (for) with Mr. Cullen (against).
 Mr. Kelly of Illinois (for) with Mr. Ransley (against).
 Mr. Igoe (for) with Mr. Rudd (against).
 Mr. Hancock of North Carolina (for) with Mr. Corning (against).
 Mr. Miller (for) with Mr. Bacharach (against).

Until further notice:

Mr. McMillan with Mr. Reid of Illinois.
 Mr. Carley with Mr. Murphy.
 Mr. Rayburn with Mr. Brumm.
 Mr. Drane with Mr. Chindblom.
 Mr. Griffin with Mr. Watson.
 Mr. Tucker with Mr. Perkins.
 Mr. Lewis with Mr. Seiberling.
 Mrs. Owen with Mr. Chipherfield.
 Mr. Beam with Mr. Stokes.
 Mr. Wood of Georgia with Mr. Welsh of Pennsylvania.
 Mr. Abernethy with Mr. Cooper of Ohio.
 Mr. McSwain with Mr. Golder.
 Mr. Ayres with Mr. Johnson of Illinois.
 Mr. Palmisano with Mr. Lehlbach.
 Mr. Boland with Mr. Allen.
 Mr. Schuetz with Mr. Clancy.
 Mr. Collier with Mr. Granada.
 Mr. Smith of West Virginia with Mr. Davenport.
 Mr. Granfield with Mr. Wolfenden.
 Mr. Sweeney with Mr. Hartley.
 Mr. Larsen with Mr. Sullivan of Pennsylvania.
 Mr. Linthicum with Mr. Sparks.
 Mr. McReynolds with Mr. Weeks.
 Mr. Busby with Mr. Connolly.
 Mr. Chapman with Mr. Frear.
 Mr. Disney with Mr. Cochran of Pennsylvania.
 Mr. Sirovich with Mr. Johnson of South Dakota.
 Mr. Hare with Mr. Coyle.
 Mr. Lindsay with Mr. Wolverton.
 Mr. Celler with Mr. Strong of Pennsylvania.
 Mr. Greenwood with Mr. William E. Hull.

Mr. Dickstein with Mr. Kurtz.
 Mr. Underwood with Mr. Chase.
 Mr. Karch with Mr. De Priest.
 Mr. Sabath with Mr. Freeman.
 Mr. Kennedy with Mr. Smith of Virginia.

Mr. PATTERSON. Mr. Speaker, I voted "aye." I am paired with the gentleman from Connecticut, Mr. TILSON. I understand, if present, he would have voted "no." I therefore withdraw my vote and answer "present."

Mr. MAGRADY. Mr. Speaker, my colleague, Mr. COYLE, of Pennsylvania, is detained at home by illness and can not be present.

Mr. CARTER of California. Mr. Speaker, I have a pair with the gentleman from Ohio, Mr. BOLTON. I voted "aye," and I desire to withdraw my vote and answer "present."

Mr. FULLER. Mr. Speaker, my colleague, Mr. MILLER, of Arkansas, is absent. If he were present, he would vote "aye."

Mr. CANNON. Mr. Speaker, if the gentleman from Missouri, Mr. LOZIER, and the gentleman from Missouri, Mr. SHANNON, were present, they would vote "aye."

Mr. McCORMACK. Mr. Speaker, if my colleague, Mr. GRANFIELD, were present, he would vote "no."

The result of the vote was announced as above recorded. On motion of Mr. Pou, a motion to reconsider the vote whereby the motion to discharge the committee was rejected was laid on the table.

THE REVENUE BILL OF 1932

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. Is there objection?

There was no objection.

Mr. LAMNECK. Mr. Speaker, Congress has been in session four months. The whole of this time has been devoted to consideration and action upon President Hoover's program to relieve present distressing conditions in the country. In other words, we have been seeking, and are seeking still, to correct the mistakes and cure the ills brought upon the American people by ill-advised legislation, gross extravagances, criminal waste, and an utter disregard of the rights of the people.

Those responsible for our present economic situation blame it upon world conditions. There is a connection, which is reflected in the loss to this country of export business amounting to more than \$1,000,000,000; the loss of import duties, amounting to hundreds of millions; removal of American industrial plants to foreign countries to escape payment of retaliatory tariff rates, with disastrous effects also upon American labor; the loss of world markets to the American manufacturer and American farmer and the loss of prestige as a world power, to say nothing of moratoriums and other things.

To be added to these losses is \$1,000,000,000 per annum in moneys appropriated by the Federal and separate State Governments to enforce nation-wide prohibition; the loss of another billion and more each year in revenues that a tax upon intoxicating liquors would yield. All of this could be very easily remedied and conform to the will of the people.

It is little wonder, with these great losses and wastes, we are seeking new methods of taxation to care for existing deficits. Our present deplorable situation could have been averted by sanity in legislation, economy in Government, stoppage of criminal waste, the abolition of existing commissions and boards, as I stated a moment ago. For the most part they serve the interests they are expected to regulate and curb. Deficits reach such a tremendous total that the sales tax was proposed as a means of adding six or seven hundred million dollars to our revenues. I opposed this tax. I believed it to be wrong in principle, and anything that is wrong in principle is wrong in practice. It would have imposed a tax upon the millions who are now seeking to secure enough to provide their families with the necessities of life. That statement justifies my attitude, so that neither explanation nor apology is necessary from me or any other Member of the House who took a similar position.

Much of the suffering the people are now enduring could have been averted had President Hoover called a special session of Congress two years ago to meet the situation that then existed. Many such demands were made, but the President was adamant in his determination not to do so. Conditions continued to grow worse.

A survey of the unemployment situation made in connection with the taking of the Federal census of 1930—Government figures—indicated that the number of people then idle was 2,500,000. Recently, William Green, president of the American Federation of Labor, in protesting the passage of the sales tax, placed the number at 8,000,000. Multiply that number by four and you get some definite idea as to the amount of suffering there is in this country at this time. This increase of 5,500,000 in the army of the unemployed makes our task all the more difficult now in finding a solution. In other words, we have three times as many dependents, with deficits more than doubled.

Our chief trouble in this country lies in the fact that we have departed from the fundamental principles of government. We no longer have representative government. Equal rights, equal opportunity, and even human rights have been brushed aside. Instead of a government of the people, by the people, and for the people, we have a bureaucracy, with multiplied commissions and boards, which are absolutely useless. More than that, Congress has delegated to these commissions and boards executive, legislative, and judicial authority, which, in my opinion, is a violation of the Constitution.

The functions of government are simple. And what are these functions? To promote the general welfare, safeguard and protect the rights of all the people, regardless of sex, color, or creed—and sadly neglected; to provide a national defense, which is now threatened by the agitation in favor of disarmament; the right to levy taxes and import duties is the only provision in the Constitution that anyone appears to have any recollection of at this time; to regulate commerce and trade, a function of government that is of little importance at this time; preservation of the rights reserved to the States and preservation of the rights guaranteed the individual citizen. All of these have been violated constantly, with the exception of the right to impose taxes upon the people. It is now being abused, and has been for years. However, nations must pay their debts the same as individuals if they would preserve their credit.

Where the money is to come from to meet the Government's overdue obligations is yet to be worked out. However, a solution will be found, and the greater burden will be imposed upon the extremely wealthy. An additional tax levied upon the millionaires and billionaires of the country, taken in connection with the favors granted in tariff legislation, will not impose a heavier tax upon them than they should pay in justice to those who pay a greater tax in proportion to their wealth and ability to pay.

Now I want to revert for a moment to government by bureaus, commissions, and boards. What are their functions? I can not undertake to enumerate them here now. The time is too short. However, I assume that they were intended to serve some good purpose, but the opposite appears to be largely true.

The Federal Farm Board will serve as a fair illustration. There is a very general sentiment in favor of its abolishment because of its failure. It was intended, of course, to benefit the farmer, but where is he to-day? Flat upon his back, looking upward and patiently awaiting the transition from the world of constant turmoil to one of perpetual joy.

The Interstate Commerce Commission is another. It is supposed to run the railroads, with most of the rolling stock on the sidings, and in poor condition at that. Officials of American railways who represent the stockholders have little or nothing to say as to their management. The Tariff Commission is the real joke in the deck of 52 or more commissions, and so forth. It deals with the flexible plan in the Hawley-Smoot tariff law, which authorizes it to increase or lower rates. Few are lowered, although most appeals ask for reductions. There is, too, the Federal Oil Conservation

Commission, which, I presume, came along after the Teapot Dome scandal.

The Radio Commission is another. Radio broadcasting is becoming the greatest monopoly we have in this country, and will soon surpass in influence and power the United States Steel Trust and other great trusts of the country. The Federal Power Commission, the United States Shipping Board, Bureau of Mediation, the Bureau of Efficiency, and others deserve attention, but time will not permit. Take the Bureau of Efficiency, for instance—what is it doing? Is there any noticeable improvement in efficiency in government anywhere? The instances cited, with a word of comment in each case, seem to me pertinent, and should suffice to prove my contention that these bureaus, commissions, and boards are more ornamental than useful and for that reason should be abolished as a matter of added efficiency and the saving of the \$1,000,000,000 they are now costing the Government.

President Hoover, who has created several commissions of his own, including the Wickersham Commission, has finally reached the conclusion that the duties of these various commissions and bureaus are overlapping, and that as a matter of economy they should be consolidated, if not eliminated. He wants to do this himself, which is purely a legislative function, with Congress disinclined at this time to grant him that authority.

In conclusion I just want to add a word: Unless we get away from these orgies of criminal extravagance and waste and get back to the rule of the people, the country, with all its boasted wealth of approximately \$400,000,000,000, will go on the rocks. The Government, with all this great wealth, four hundred billions—think of it—is having difficulty in raising \$3,000,000,000. In other words, the Government appears to be in the same unfortunate position as the man in business, perfectly solvent with assets largely exceeding liabilities, who is unable to borrow a few dollars upon good security to tide him over. That situation has existed for the past two or three years, and still exists to-day, with millions of dollars released to the banks to improve conditions. There has been no perceptible improvement up to date. How will the Hoover relief program work out? That remains yet to be seen. How long it will take it to filter down from the banks and other financial institutions to benefit the ordinary man on the street and the man on the farm is a question which time alone will answer.

Everyone who is interested in the welfare of the country is anxious to see results that will put the country upon a solid financial footing and give us a prosperity that will abide.

LOANS FOR RELIEF OF DRAINAGE DISTRICTS

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. WHITTINGTON. Mr. Speaker, under leave to extend my remarks, I advocate Federal aid for drainage districts. The act under consideration, known as H. R. 4650, provides for loans to drainage and irrigation districts as an aid to agriculture. An annual appropriation is authorized and the Secretary of Interior is charged with the administration of the revolving fund created. Loans are made for a period not exceeding 40 years at a low rate of interest, after thorough investigation by the Secretary of the Interior, to take up outstanding bonds. Safeguards with respect to titles, soundness of engineering works and reasonable probability of repayment by the districts aided are provided in the bill. In a word, the real purpose of the bill is to extend to drainage districts the equivalent of the Federal aid now extended to reclamation districts.

As disclosed by the hearings, thousands of farmers in drainage districts will be forced to abandon their homes unless relief from burdensome drainage taxes and assessments is provided.

The act is a plan for refinancing distressed districts on a long-term basis. The plan is to save productive lands already in cultivation. The aim is to prevent the loss of

homesteads because of the inability of farmers to pay heavy annual taxes for public works installed by authority of law, by refinancing drainage works, and thereby reducing the annual tax levied against the lands. The measure thus provides for the reduction of farm taxes and makes it possible for the farmer to pay his taxes and save his home. It is really a farm relief measure through Federal tax relief.

FEDERAL INTEREST

The Federal Government adopted the reclamation policy in 1902 to promote the reclamation of arid lands in the West. From every standpoint there is just as good reason and just as much authority of law for Federal aid in drainage as there is for Federal aid in reclamation. The Federal interest in one case is as vital and valid as in the other. As a matter of fact, both reclamation and drainage are parts of the internal policy of the General Government. Drainage in other parts of the country is synonymous with irrigation in the arid States. Moreover, it is interesting to recall that drainage is in reality an essential part of irrigation. In reclamation irrigation canals and drainage ditches are both necessary. Reclamation involves the application of water to lands to make them capable of cultivation; drainage means the taking of water from lands so that they may be cultivated.

BENEFITS

Drainage promotes the distribution of production; it provides for the distribution of population; it creates national wealth; it aids transportation; it supplies markets for factories; it makes business for the city and provides for employment on the farms. Country life will be promoted by the pending legislation.

AUTHORITY

There is ample constitutional authority for this legislation. Congress legislates for the general welfare. Among other things it promotes the public health. Drainage, in addition to reclaiming fertile valleys, eliminates malaria in many cases; it thus promotes the public health. Drainage promotes the general welfare.

Article I, section 8, of the Constitution provides for the levy of taxes for the general welfare. Congress has the power to appropriate money for any purpose which in its judgment is for the general welfare. It is for Congress to determine the legislation in the public interest.

The difference between the constitutional power to appropriate and the constitutional power to regulate and control must be kept in mind. The power to legislate for aid to drainage districts, just as the power to legislate in aid of reclamation, is not specifically given to Congress. Article I, section 8, clause 18, authorizes Congress to collect taxes, provide for the general welfare, and to make "all laws which shall be necessary and proper for carrying into execution the foregoing powers." If the end be legitimate, if it be within the scope of the Constitution, all means that are appropriate and that are plainly adapted to that end, that are not prohibited, are constitutional. Congress has entered into many fields under the necessary and proper provision of the Constitution. It has aided in the construction of transcontinental railways; it has provided for the preservation of battlefields. Necessity has revealed the power, and the Congress is authorized to utilize all legitimate means for the general welfare.

AGRICULTURAL RELIEF

The continued drainage of areas that are already reclaimed, rather than enlarging and extending cultivated areas, is desirable in aid of agriculture. It will be far more economical to aid existing drainage districts to provide for their indebtedness over long periods than it would be to assist and encourage in the development of new districts. Agriculture will be better promoted by aiding in the drainage of lands already under cultivation than by the continued utilization of less fertile lands more suitable for growing timber. Diversification will be encouraged. A balanced agriculture will be fostered. The passage of drainage legislation will constitute an important step in practical farm relief.

Mr. BURTNESS. Mr. Speaker, I ask unanimous consent to extend my remarks on the bill and to include a letter written by W. H. Dick, president of the National Drainage Association, dated March 10, 1932, to many constituents in my State.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

Mr. DYER. Reserving the right to object, I will not object to the gentleman's own remarks, but I will object to anything except that.

Mr. BURTNESS. I think the letter will be useful to Members of the House in showing to them the type of propaganda that has been sent out and giving more light on the lobby that comes to Washington.

Mr. DYER. I withdraw the objection.

Mr. HALL of Mississippi. Mr. Speaker, I ask unanimous consent that all Members have five legislative days in which to insert their own remarks in the RECORD on this bill.

The SPEAKER. The gentleman from Mississippi asks unanimous consent that all Members may have five legislative days in which to insert their own remarks in the RECORD. Is there any objection?

Mr. DYER. Reserving the right to object, it is distinctly understood that they are to be the Member's own remarks.

The SPEAKER. The gentleman from Mississippi so stated, and the Chair incorporated it in the statement of the gentleman's motion.

There was no objection.

Mr. FULBRIGHT. Mr. Speaker, ladies and gentlemen of the House, I desire to address myself to H. R. 4650, which provides for the relief of farmers in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, irrigation, and similar districts other than Federal reclamation projects. I shall discuss the question from the standpoint of my State and its interest therein growing out of the proposed relief for drainage and levee districts. I am more familiar with conditions as they exist in southeast Missouri, in my congressional district, but the conditions which exist there no doubt reflect in a great measure the conditions which exist in similar communities throughout the Nation.

In southeast Missouri, which is strictly a farming section, the problem of drainage and reclamation is looked upon as a community matter. All the people, regardless of their occupation or profession, are dependent either directly or indirectly upon agriculture. In the State of Missouri there are approximately two and one-half million acres of drained land, approximately two million of which are located in the eight alluvial counties of southeast Missouri and are in the district which I have the honor to represent.

Thirty years ago, practically all of this territory was an almost impenetrable swamp subject to annual overflows from the Mississippi River and tributary streams and creeks that drained the waters from the uplands. The only industry that was carried on, and that in a small way, was the timber industry.

Courageous and determined people from Kentucky, Tennessee, Illinois, and Indiana, and even from States still farther east came into southeast Missouri to establish their homes. Small settlements developed throughout the dismal swamps. Malaria, chills, and fever depleted their ranks. The stagnant waters that covered the greater portion of the territory and the floods from the streams were to be combated. Determined to relieve the conditions that confronted them, the first drainage district in southeast Missouri was organized and the ditch dug in 1903. Since that time the number of drainage districts in that territory has increased to 112, ranging in size from 1,000 acres to 547,000 acres. In developing this program, the aggregate length of the ditches that have been dug exceeds in length the Amazon or the Nile, and required the removal of more dirt than was excavated in the construction of the Panama Canal.

In this program of development between 1903 and July 1, 1927, we incurred a bonded indebtedness of \$54,536,142.19. Of that amount through the thrift, energy, and industry to that date we had paid \$23,081,530.56, leaving at that time

a balance due of \$31,454,611.63. On this enormous indebtedness up to November 15, 1925, there was a default of only \$70,000, or approximately one-third of 1 per cent of the bonds and coupons that matured. Since 1903 in addition to this program of reclamation the people of that great territory have expended approximately \$80,000,000 in clearing, fencing, developing, and improving the land that they drained. Practically every community in these eight alluvial counties is penetrated by hard-surface roads; splendid schoolhouses have been erected in every school district; consolidated high schools have been built in every town of any size and in many of the rural sections; churches of every denomination have been constructed; in fact, as a result of the thrift, industry, ambition, and courage of the people of southeast Missouri, that territory has been converted from an uninhabitable swamp into one of the most fertile and productive agricultural communities in the United States; but the droughts came; the great flood of 1927 stopped our progress, destroyed much of our wealth, and left us in distress. Following the disastrous flood of 1927 the depression, which is nation-wide, came upon us. Prices of farm commodities struck the lowest level in the history of the country. Farmers are no longer able to meet their payments in these drainage and levee districts; no markets for their products; and without money with which to pay installments, the ominous sound of the hammer on the auction block is heard through this territory, and, as the farm is stricken off to the highest bidder, another family joins the army of the unemployed.

The relief provided in the pending bill is the only relief that can save us. We are not asking for a gift or a dole, we are not beggars. We have too much courage and self-respect for that. We are only asking for a loan, we are only asking equal opportunity with other industry, we are only asking that you treat us as you have treated the railroads, we are only asking that you give us the same consideration that you have given to the national bankers, that we be accorded the same treatment that has been accorded the insurance companies, we are only asking that you manifest as much interest in the farmers of this country as you have shown to the people of foreign countries. You have accorded relief to all the groups to whom I have referred, but you have snubbed the American farmer.

Agriculture is our basic industry, it is the industry upon which every other activity of the Nation, either business or social, depends, and I assert without hesitation that unless something is done to rehabilitate agriculture and save the farmer by whose sweat and toil you are being fed, we will not emerge from the depression in which we are found until there is a collapse of our whole industrial and economic system.

Talk about communism, radicalism, and bolshevism! I contend that you can not relieve the country of that condition by throwing open the Treasury of the United States to big business in all its forms and denying even a word of sympathy to that great group of people who feed and clothe the world. I warn you to-day that the people of this country who are in distress in the workshop or upon the farm—I should say in the bread line or upon the farm—will not long remain silent; not because they are communists, not because they are radicals, not because they are bolshevists, but because they have a right to demand and ought to demand equal and exact justice.

This bill would give relief to 5,000,000 people upon the farm. Five million patriotic and loyal people. Five million people who are losing their homes day by day, and who have exhausted every source of protection and relief at their command, and now turn to their Government that they have so loyally and so faithfully served with a last appeal, not for a dole, not for a gift, but merely for a loan to tide them over the abysmal depths of the so-called depression.

You say the Treasury is empty and that you have to balance the Budget, but the gentleman who speaks of that closed his eyes to the Treasury and to the Budget and supported the moratorium. You closed your eyes to these things when you voted for the Reconstruction Finance Cor-

poration. You turn a deaf ear to the farmers who are in distress and plead for the protection of the Treasury and balancing the Budget; but when big business appeals to you, you prick up your ears like a Missouri mule, kick down the doors to the Treasury, and invite the privileged few to participate in the Nation's cash.

I am impatient with this policy. To my way of thinking it is indefensible. The gentlemen who oppose the consideration of this bill speak of it as a bondholder's bill. I charge that such a statement is unwarranted and unauthorized. It is an insult to the integrity, the honesty, and the honor of the committees in the Senate and the House who on four different occasions, almost unanimously, reported the bill. Men who are just as honest, just as patriotic, and just as loyal to their country and their country's flag as the gentleman who has suggested that this is a bondholder's bill. This bill was reported after exhaustive hearings and after thoroughly considering every provision of the bill. The farmers who are back of this legislation have asked that every amendment necessary to protect the Government be accepted. The farmers are opposed to Treasury raids and ask that the Treasury be protected, but what did these gentlemen who call it a bondholder's bill do when legislation for the relief of big business was being considered? One of the distinguished gentlemen from North Carolina stood on the floor when the Reconstruction Finance Corporation bill was being considered and pleaded with crocodile tears in his eyes, but to-day he stabbed the farmer in the back. You never hear anything about lobbying when legislation in behalf of special interests is being considered, but it is a crime when some one undertakes to voice the wishes of the farmers of this country.

Ill fares the land, to hast'ning ills a prey,
Where wealth accumulates and men decay.

Julian Friant, of Cape Girardeau, Mo., very forcefully and eloquently presented the case before the Irrigation and Reclamation Committee in 1930, when he referred to the dedication by President Coolidge of the San Carlos irrigation project, which is to reclaim 80,000 acres in the Florence-Casa Grande Valley of Arizona at a cost of \$5,500,000.

"Standing on the parapet of the huge dam which impounds the waters of the Gila River, and which has been named for him, President Coolidge dedicated the project, 'To the advancement of religion, education, better homes, and a better country.'"

President Coolidge was speaking of land which was being supplied with water at a cost of \$70 per acre.

We are pleading for land which has been drained at an average cost of less than \$10 per acre.

President Coolidge had a vision of development that is to take place on land reclaimed from a stubborn but healthy desert.

We are trying to protect a development that has taken place on land reclaimed from a treacherous and sickly swamp.

President Coolidge was thinking of happy homes yet to be built, and we are appealing for once happy homes about to be lost.

All, however, are part and parcel of our great American Nation which is interested in all of its citizens.

We, therefore, appeal to you to treat us as you have treated others, do for drainage and levee districts what you have done for irrigation districts, and without any risk or cost to the Government, give us an opportunity to save our homes."

Mr. ROMJUE. Mr. Speaker, to consume the time of this House at this time with a lengthy discussion of the distress of the American farmer would be fruitless—not fruitless because the case of the American farmer lacks merit but because his distress is so apparent, so real, and affects so vitally the welfare of the Nation that none but one who has willfully closed his eyes through prejudice, ignorance, or a reckless disregard for what the future may bring forth can fail to perceive it. Menaced on one hand by the destruction of his markets both in this country and abroad, and on the other by the sheriff's sale unless something can be done to

remedy the position of this great group of our citizens upon whose relief and upon whose prosperity the relief and prosperity of the Nation depend, we can hardly hope to see the end of this economic crisis. Much has been said and many have been the proposals made to alleviate his distressed condition, but what is needed at the present time is concrete action rather than empty promises.

In the Glenn-Smith drainage bill now before the House for consideration is embodied a concrete plan to aid and assist a portion of our farmers by lifting from their shoulders a burden which is causing them to lose their homes, and to further augment the increasing army of the unemployed. This bill is designed to permit the Federal Government to take over the obligations of certain drainage districts, after a careful investigation and appraisal by the Secretary of the Interior assures him that the value of the farm lands behind the obligations of the various drainage districts is sufficient to protect the Federal Government against loss, and after granting a 5-year moratorium upon interest payments, to receive back the amount loaned with interest at the rate of 3 per cent per annum within a period of not more than 40 years. Now, bear in mind that this bill is not a bondholders' bill, designed to protect a few investors from an unfortunate undertaking. Any loan is to be made only after the appraisal made by the Secretary of the Interior has shown that the value of the security back of the obligation is adequate to protect the obligation. The Government itself is to evaluate the security and then decide to what an extent a loan will be made. If the outstanding indebtedness is greater than the Government's own estimate or appraisal of the land back of the indebtedness, then no loan can be made under the terms of this bill to the drainage district.

All that can be done is for the drainage district to compromise with the bondholders for an amount coming within the appraisal value set by the Government and then apply for a loan to retire the bonds at their compromised value. The drainage district will then pay back to the Government the sum borrowed with 3 per cent per annum interest. In addition to the fact that the Government is protected under the terms of this bill by having the right to make its own appraisal of the value of the land back of the bonds, it is further safeguarded by the fact that before any loan can be made the Secretary of the Interior must be satisfied that legal authority exists for and ample provision has been made for the annual taxation of the property which secures the lien of the Government for its loan. Further, the Secretary of the Interior is to determine the maturity of the loan made by the Government, and the taxes upon the property benefited must, at the end of 10 years, be sufficient to establish a sinking fund which will retire the obligation at the date of its maturity. The Government is in no sense taking over a loan made by private investors—it is itself determining the amount it will loan upon its own estimate of what the security is worth, it is itself setting the maturity of the loan, and it is receiving in the Treasury the amounts put in the sinking fund to retire the various loans. The Government is loaning money under the same terms and having the same means of considering the advisability of its making a loan as a private lender. And at the same time the Government is rendering a service to a class whose position to-day is more unfortunate and intolerable than that of any other—a class whom the Federal Government has heretofore either been unable or unwilling to assist in any really effective way.

A great many Members of this House recently voted for the Reconstruction Finance Corporation bill, providing for the ultimate withdrawal from the Public Treasury of \$2,000,000,000. This measure, it is claimed by those supporting it, was to assist the large banking, business, and railway interests of the country. I do not believe that the Reconstruction Finance Corporation bill will bring any great relief to the country from its present business depression. I believe that time will prove that that legislation will add to the already great deficiency in the Public Treasury without any adequate return for the public benefit. For this and other reasons

which I deemed adequate I could not and did not support that measure. I could not see my way clear to open up the Public Treasury for the expenditure of \$2,000,000,000 more when that Treasury is already depleted and now has a deficiency of about \$2,000,000,000, and especially as I can not believe it would bring adequate public benefit. I regret that to-day the rule of discharge was defeated, depriving thereby the House of Representatives from immediately considering and voting upon the Glenn-Smith bill. This legislation should be passed and passed promptly.

Thousands of farmers in these drainage districts along the Mississippi, the Missouri, and other rivers of the country are finding it difficult to meet their taxes, interest, and assessments against these farms on account of present low prices of farm products and livestock, although no more valuable land lies anywhere in this world. If prosperity is to return in this country, it must begin its return among the farmers of the country and work its way upward; it will not work down from the top.

Give the farmer a fair chance to hold his home and a world market to receive the products of his farm, and his purchasing power will be restored; unemployment will then begin its disappearance. The world markets have been largely destroyed by reason of special-privilege legislation which has been set against the farmer; when this barrier is removed the farmer will not ask any legislation in his own behalf but he will not be satisfied with any National or State administration that denies to him and his family an equal opportunity before the law.

The Glenn-Smith bill, if enacted into law as it should be, will enable the farmer to secure money at 3 per cent interest with which to retire his indebtedness within the drainage district as I have already explained; that is no lower rate than the Government has extended in other instances. The Glenn-Smith bill, if made a law, will save the homes of thousands of farmers, without loss to the Government, and surely it is as important to save to the industrious, hard-working farmer his home as it is for the Government to make available \$2,000,000,000 to sustain the frozen assets of the railroads or financial institutions. Again let me repeat, prosperity will not return in this country until conditions become such that the industrious farmer can prevent his farm from being sold at the courthouse door and until he can receive a fair price for what he produces on his farm. It is not too late to pass this bill, and if passed, it will be a piece of constructive and valuable farm relief.

Mr. SMITH of Idaho. Mr. Speaker, the Committee on Irrigation and Reclamation has been considering this measure, of which I am the sponsor, for five years. In the Seventieth Congress our committee conducted extensive hearings on a similar bill, H. R. 14116, and in the last Congress we continued hearings on H. R. 11718, both of which I introduced. We also conducted hearings on the pending bill, which should convince the House that we have not gone into this matter hastily. We have endeavored to secure the best information regarding conditions in the various sections of the country from those who are best posted regarding the necessity of the legislation, in order that we may come to the House with a case prepared as nearly 100 per cent as possible.

The House is now considering the discharge of the Committee on Rules from the further consideration of House Joint Resolution 117. Upon the adoption of this motion the House will then, under the rule, proceed to the consideration of the bill H. R. 4650—

To provide for the relief of farmers in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, irrigation and/or similar districts other than Federal reclamation projects, or to counties, boards of supervisors, and/or other political subdivisions and legal entities, and for other purposes.

PRECEDENTS FOR LEGISLATION OF THIS CHARACTER

This legislation is along the line of the enactments by Congress during the last few years with the hope of stabilizing the basic industry of agriculture. When we appeared before the Rules Committee at the last session of Congress questions from the members indicated that they thought

we were making a new departure, that we were going into a new field. That was not true at that time, and it certainly is not true at the present time, for since we appeared before the committee at the last session of Congress there has been enacted legislation providing for enlarging the activities of the Federal Farm Loan Board to relieve farmers who are unable to meet their obligations and giving the board authority to extend existing loans, rather than to require them to come in and make a new loan. We also recently enacted legislation providing for a Reconstruction Finance Corporation, which extends relief to banks, trust companies, insurance companies, railroads, and various organizations of different kinds. There is also a provision to relieve depositors in insolvent banks, and also a bill is being considered by the Committee on Banking and Currency providing for home-building organizations, which would probably cost \$100,000,000.

There is nothing local or partisan in this legislation, nor in similar legislation which has been considered, especially during this session of Congress. Every Member of Congress, regardless of his political affiliations, realizes that the country is in such a condition of depression, so many people are out of work, and so many organizations and financial institutions are failing that it is necessary for us to throw aside partisanship and legislate for the best interests of the country. We feel that this legislation fills a gap that is not taken care of in any of the bills to which I have made reference. We have had a law for some years providing for the making of loans to farmers, through the Federal Farm Loan Board, by means of Federal land banks, and that law is being liberalized now to the extent of putting \$125,000,000 of the Government's money into these banks, to be loaned to farmers, and the law has also been liberalized in regard to the extension of loans. So that those classes of people are taken care of. They have security. But the farmers that are to be taken care of in this legislation do not have an opportunity to borrow money from the Federal land banks or from any other governmental agency, because the Government requires that any advances made against such property shall be a first lien on the property, and these lands are all encumbered by bond issues, which were made necessary in order to secure money to put the land in a condition so that it can be cultivated.

CHARACTER OF LAND TO BE BENEFITED

With reference to the character of lands to be benefited: Swamp lands are useless unless they are drained, as are arid lands unless supplied with water. We have also in this bill a provision for the relief of private irrigation districts. Those lands are useless unless water is placed upon them. So it is necessary, before the farmers go upon the swamp areas or upon the arid lands, to obligate themselves to spend a considerable amount of money to put the land in condition so that it can be farmed. It is quite different from the prairie lands which were settled 40, 50, and 60 years ago where the lands were ready for the plow. Even in the forest sections of the country the settlers could utilize the lumber for buildings, fencing, and so forth, in a way that would bring some income. But these lands in the arid and swamp districts require the farmers to assume large financial obligations in order to put the land in condition to be farmed.

Most of these drainage and reclamation projects were inaugurated 10 or 15 years ago at a time when farming was more profitable than it is at the present time. Many people sold their farms in the Mississippi Valley and went into the arid West and into the swamp country thinking that they would be able to farm more profitably; but because of the expense incurred in preparing the land for cultivation and also because of the low prices of farm products, these people who have spent years in their efforts to reclaim this land and cultivate it and build their homes are now confronted with this great debt which is hanging over them. They have, through their efforts, created communities and towns; they have built their houses and have developed their land; but now they are confronted with the necessity of paying these assessments and their interest on the bonds and, in some instances, paying the bonds themselves in order to make

progress. This bill simply provides that the Federal Government shall step into the picture and relieve these farmers—probably 500,000 or possibly 1,000,000 of them. The census report states that there are about 5,000,000 people living on these swamp lands and on these irrigated lands.

URGENCY OF THE PENDING LEGISLATION

The following statement is from Mr. Julian N. Friant, of Cape Girardeau, Mo., a very prominent farmer and business man, and a man who has been engaged in civic work in his own locality and elsewhere. He has furnished statistics with reference to the conditions in the State of Missouri, from which it appears that from 1910 to 1925 the percentage of delinquencies was very small, running sometimes less than 1 per cent; but in 1925 it was 5.1 per cent delinquency on these drainage districts, of which there are over 100 in this particular locality. In 1926 the percentage of delinquency was 15 per cent; in 1927 it was 32 per cent; in 1928 it was 53 per cent; and in 1929, the last year for which figures were available, it was 79 per cent. I quote from his statement as follows:

Our newspapers are full of advertisements of tax suits and foreclosures. Hundreds of farmers have lost their homes and others are being closed out every month. If that process goes on much longer, most of the farmers on our drained lands will be sold out and will lose the homes they have worked so hard, so long, and under such great difficulties and hard living conditions to build. The number of tax sales each year is sure to increase unless you come to our assistance. Some of our farmers are still able to pay their taxes and do the necessary improvements, but they are helpless because they are merely a part of a public enterprise and can not function as individuals.

These people are living in districts, and the district is responsible for the financial indebtedness, for the entire indebtedness.

In addition to being a crime against our civilization and a rank injustice to the thousands of people who have given their energy, their ability, their money, and the best part of their lives to developing this country, it would be a great economic waste to allow these districts to go back to swamps. We, however, are at the end of our row. We have exhausted our resources. We are helpless in the matter and are at your mercy. As the representatives of a great and wealthy Government, we do not believe you are going to permit our people, who have made such a marvelous record, pay such a terrible price for their progress.

I am reading this statement in an endeavor to enlighten the House as to the importance of this relief legislation.

I now refer to the testimony of Mr. J. A. Melville, chairman of the legislative committee of the Utah Association of Drainage Districts, from which I quote:

In one district I represent, as an attorney, the district has now taken title to nearly 50 per cent of the lands in the district, because the farmers were unable to meet their obligations. Unless some relief is given these good people they will have to go. These have spent 10 or 15 years there building their homes and improving their farms. They are getting advanced in years. Farming is probably the only occupation they know. They can not go into industrial avocations and compete with those there, because they are not familiar with them; and, as I said, they are getting to be old men. One of our supervisors, approaching 70 years of age, had to take title to his own farm in the name of the district. It is really a pitiable condition. There are many people there waiting to see what is to be done, if anything. They have asked us, "Shall we plant crops this year, or shall we go?" We have hesitated about advising them, but we have told them to remain there, believing that some relief will come. Those who own the bonds secured by the land say, let them remain upon the land; but they can not remain there permanently because the bondholders are entitled to their money, or as much of it as they are willing to accept. We can not hope to keep those people permanently upon that land without some relief because these lands are security for the bondholders. Our bondholders have been very generous. They realize they face a loss; that their securities, like all other farm securities, have depreciated in value, and some of the bonds have been sold to farmers for 50 per cent of their face value. A few of the more prosperous farmers have used these to pay off their drainage taxes and in this way a few of them have cleared their farms. If we had a fund from which these people could borrow, we could make a nice settlement with the bondholders; and it would not be an injustice to them, because their losses would be minimized if they could get a cash settlement.

CONSTITUTIONAL AUTHORITY

The constitutional authority for this legislation is well set forth in the following statement before the committee by the distinguished Representative in Congress, Mr. WHITTINGTON, of Mississippi:

Congress legislates for the general welfare. It promotes the general health and good education. Drainage eliminates malaria in many cases. It promotes the general welfare. It aids agriculture. If the end be legitimate, if it be within the scope of the Constitution, all means that are appropriate and that are plainly adapted to that end that are not prohibited, are constitutional. Congress has provided for the preservation of battlefields; it has built railroads; it has aided transcontinental railroads. During the war it took over the entire transportation system of the country. Constitutional powers have kept pace with the new agencies brought into use by the increasing demands of commerce, wealth, and population. Reclamation, which is synonymous with drainage, is a part of the internal-improvement policy of the United States. It distributes production, it creates national wealth, it provides for transportation, it makes business for railroads, and it contributes to the health and wealth of the community and the Nation. Agriculture is the basic industry of the country; and the Nation, for its own well-being, must promote agriculture as a part of general policy for the public welfare. The Government of the United States must protect country life. The West is entitled to reclamation, but the North, East, and South are entitled to drainage. (From the testimony of Representative WHITTINGTON before House Committee on Irrigation and Reclamation, January 29, 1929.)

As the title of H. R. 4650 indicates, the legislation is for the relief of farmers in drainage and irrigation districts who, as a general rule, do not come within the provisions of the Federal farm loan act, and for whose benefit no relief legislation has been heretofore enacted.

The proposed law does not apply to the development of any new land but is intended to enable the farmers on various existing projects to have their assessments, which are in arrears, funded in order that they may continue to operate their lands until agricultural conditions are such as to enable them to maintain themselves and farm at a profit. As has been disclosed in the extensive hearings which have been held on this legislation, unless relief is afforded, there are thousands of farmers who will be forced to abandon their lands and have them taken over by the bondholders.

The districts are required to pay 3 per cent annually on the money advanced.

The relief proposed under this bill is to be in the form of loans adequately secured by first liens on the benefited farms, the repayment of which is further guaranteed by the fact that each loan is to have behind it the taxing power of the State. In a word, it is an extension of credit—a plan for refinancing distressed districts on a long-term basis.

NOT AID FOR INDIVIDUALS BUT FOR COMMUNITIES

It is not a plan to extend aid directly to individual farmers in their individual capacities, but it is a plan to aid farmers in their collective capacities where they have organized districts to install and maintain public works. It is the public works, the collective or community works authorized by and operated under authority of the law, that are to be relieved by this bill.

NO OPPORTUNITY FOR SPECULATION

There is no provision in this bill that would afford an opportunity for speculation either in the bonds of any district or in the lands covered by the bonds. The proposed law would prohibit the purchase of any bonds in excess of the appraised value thereof.

PRACTICAL RELIEF FOR UNEMPLOYMENT

When a farmer loses title to his land, one of two courses is left open to him. He can go to work as a hired hand for some other farmer if he can find one who will employ him, or he can go to the city to look for a job. In this connection Secretary Hyde, of the United States Department of Agriculture, writing in the Saturday Evening Post, has supplied some official figures concerning the drift of population from the farms to the city. He gives the Government estimates on the net loss in farming population through the drift to the cities, as follows: For the year 1922, 1,120,000 persons; for 1924, 679,000; for 1925, 901,000; for 1926, 1,020,000; for 1927, 604,000; for 1928, 598,000. Thus we see that for a period of six years the average drift from the farms to the city has exceeded 800,000 a year, or a total of 4,912,000. Statistics collected and compiled from official sources show that several thousands of farmers have annually been sold out for drainage taxes while other thousands are facing the same fate. Dispossessed, these farmers are and will be forced into the ranks of the unemployed. To enact this bill

into law not only would be to give much needed and substantial relief to worthy farmers engaged in the fundamental industry of agriculture but also would be to prevent in a considerable measure further increase in the number of unemployed.

REDUCTION OF FARM TAXES

It is a plan to save highly productive lands that already are under successful cultivation.

It is a plan to prevent the utter ruin of farmers owning and operating lands, who are losing their homesteads because of their inability to pay heavy annual taxes levied on their farms for the public works which have been installed by authority of law, by refinancing the public works on a long-term basis and thereby reducing the annual tax levied against the individual farmer.

The extent of relief which each individual farmer can obtain under this bill can be definitely and exactly computed from his tax receipt.

MAKING IT POSSIBLE FOR FARMER TO PAY

In order to readjust and more effectively distribute the burden of debt, districts created by authority of State law and having a definite status as political subdivisions, either as counties or special-tax districts, may refinance their public works—the public ditches, so to speak, that are supposed to be open and accessible to any farmer in the district who seeks an outlet for his own private ditches.

Under this plan districts which are unable to meet either the interest or the principal of their outstanding bonds may refinance their undertakings by the issuance of refunding bonds; such refunding bonds to be accepted by the United States Government as security for loans sufficient to retire as they mature outstanding bonds and the accumulated interest thereon.

ADVANTAGES TO FARMERS EXPLAINED

The advantages of this plan become evident when it is considered that the residents of these districts are pioneers who in response to the call of the Government in the first years of the World War undertook to do in a short period of time what heretofore had required a hundred years to accomplish. In a word, they issued drainage bonds to run 20 years to pay for permanent improvements, the benefits of which were to be enjoyed by all succeeding generations, when in the very nature of the case the expense of constructing these public works should have been spread over at least 50 or 75 years. The refunding of the debts will constitute an extension of time and will thereby reduce the annual tax for works to an amount so small as to be surely within the farmers' ability to pay.

IMPROVEMENT TAXES CONSTITUTE THE LARGER BURDEN

At present the improvement tax in many districts is more than half of all the taxes the farmer has to pay, more than school district, road and bridge, county, and State taxes combined. In a considerable number of districts this tax constitutes two-thirds of all taxes levied, and runs in many instances to an amount per acre equal to more than half the gross per acre earning of the land. From this it becomes apparent that the refunding of debts by means of long-term bonds will provide substantial and immediate relief to deserving farmers who are suffering sorely, but through no fault of their own.

IMPROVEMENT COSTS IN ADDITION TO TAXES

This form of relief becomes the more appropriate when it is borne in mind that the expense of providing public ditches or drainage works is only a part of the burden which the individual farmer must bear, but that in addition to this there is the cost of providing and maintaining tile and surface drainage on his own farm to enable him to make use of the public works. There is ample precedent for affording this form of relief to be found in the reclamation act of 1902 and in each of its several subsequent amendments.

FARM RELIEF THROUGH TAX RELIEF

This bill would extend relief to several millions of farmers who are overburdened by taxes by putting into operation a plan for refunding certain bonded indebtedness, which plan would automatically suspend for a period of five years the

collection of taxes levied on farm property to meet the interest and principal on this bonded indebtedness.

The plan does not apply to all bonded indebtedness of farm communities, but it does apply to drainage and other districts where the districts have been unable to meet the interest or principal owing to the inability of the farmers resident in the district to pay their taxes. The suspension of taxes, which, of course, are local taxes, is brought about automatically by reason of deferred interest payments and extended time of payments on principal. In other words, under the provisions of this bill drainage and other districts in distress may refund their operations, may suspend the collection of taxes for a period of five years, and may extend the period for which the bonded indebtedness is to run to not exceeding 40 years, thereby making it possible to greatly lighten the burden on the farmers resident in the distressed district.

The plan is simple. Under section 1, the Secretary of the Interior is authorized to lend, out of a revolving fund which this bill creates, to any such district or legal entity an amount sufficient to redeem bonds and meet accrued interest under restrictions imposed by this bill and under regulations administered by the Secretary of the Interior.

It will be noted that under section 3 loans are not made to individual farmers, but that loans can be made only to districts which are political subdivisions and legal entities existing under and by virtue of the laws of the State where located. It will be noted that the same section also provides that no loan shall be made by the Secretary until, by examination of the engineering works of the district, he has satisfied himself that the drainage works are operating with reasonable success and are giving the lands designed to be benefited a reasonable degree of relief.

The Secretary is further required to make an appraisal of the value of the taxable property of each district applying for a loan, and he is to make no loan until he is satisfied that it can be and will be paid at maturity.

Section 3 also carries a safeguard against any speculation in outstanding bonds, by restricting the loan which may be made to any district to an amount which could be and would be paid at maturity, even though that amount may be much less than the face value of the outstanding bond which it is proposed to refund. In a word, the Secretary is not to lend an amount in excess of the actual value of the outstanding bonds.

Section 4 carries the necessary provisions for safeguarding the loan, such as the requirements for the setting up of the annual tax to provide an adequate sinking fund, and that said sinking fund must be deposited in the Treasury of the United States.

Section 5 provides that these loans shall be made for a period of not exceeding 40 years, the exact period in each case to be determined by the Secretary of the Interior.

This same section provides that these loans shall bear interest at a rate of 3 per cent, payable annually.

Section 5 also provides (and this is one of the most important provisions as a relief measure) that during the first five years of the loan the interest shall accrue and be payable during the succeeding years of the loan in equal annual installments.

This section further provides that these loans shall be secured to the Government by the issuance and delivery to the Secretary of the Treasury by the applying district refunding bonds payable to the United States in the amount of the loan, and it shall appear on the face of each bond that it is a lien on the taxable property within the district securing the loan.

It is further provided, as a safeguard, that no district may issue additional bonds for any purpose without having first obtained the written consent of the Secretary of the Interior, so long as this indebtedness remains unpaid.

Section 7 limits the extent of this relief by creating a revolving fund and limiting the annual appropriations thereunder to \$20,000,000, the total amount of the revolving fund so created being \$100,000,000, to be appropriated at the rate of \$20,000,000 a year for five years.

The appropriateness of this form of relief is found in the fact that local taxes are the greatest source of distress throughout the farming areas of every State in the Union, and in the further fact that the tax levied in these drainage and other similar districts is greater than all other local taxes. In many cases, it has been shown by testimony before our committee, the taxes for drainage and similar bonded indebtedness is greater than all State and local taxes combined. Therefore, to permit a refunding of these operations on a plan that would give the residents of these distressed districts a practical moratorium for five years on all taxes for drainage and similar purposes, and thereafter to provide for a low rate of interest and to provide further for a long-term extension of credit, would be to provide a very sane and effective relief.

That there is very great need for this relief has been shown to our committee by the testimony of scores of witnesses from some 25 or 30 States throughout the Union. The testimony shows that the farmers residing in these districts are in a sense victims of civilization. They have had forced upon them by circumstances over which they had no control, or, at least, little control, expensive improvements which, all combined, have made a burden they could not bear—a burden so large that to-day, the testimony before our committee shows, hundreds of thousands of deserving farmers are losing their homes and having their lands sold out from under them to pay their drainage taxes. They have to meet taxes for roads, which, in many instances, have been voted upon them by the residents of cities. Those who have agitated the rapid building of roads—and this includes the farmer himself—seldom have considered how much of a road tax the farmer could in comfort pay. The agitation for good roads, beginning with the part that the Federal Government has taken in it, the further part taken by State governments, and also the part that is taken by the chambers of commerce of cities, has constituted an irresistible propaganda that has given us the roads but also a great burden of taxes.

The same is true in the matter of schools. The agitation for larger and better country schools—the movement for the consolidated school district—has emanated, to a large extent, from the residents of the large cities, who have given little thought to, and who have had little knowledge of, the burden that a consolidated school district puts upon a struggling farmer. Roads and schools are a part of civilization. So is drainage. So is irrigation. But drainage is necessary in order to get the land to yield a living to its occupants. The same is true of irrigation. The living must precede everything else. The farmer could not escape drainage and irrigation. He might have taken his roads and his schools in smaller doses. If left to his own judgment, doubtless he would have done so; but both roads and schools were urged upon him by his neighbors and his fellow citizens and forced upon him by the collective action of all the citizens of his State. Drainage and irrigation were forced upon him by nature itself.

It has seemed to our committee that the relief of conditions like these is fundamental and would constitute an important step in practical farm relief.

Of course, not all farm taxes can be relieved, but under the plan provided in this bill the largest single item of local taxes can be so reduced as to make the burden light enough to be borne without distress.

The demand for relief for drainage districts comes from a farm population of approximately 5,000,000, which, according to the census of 1920, lives within these districts.

The average size of their holdings is about 65 acres. They have their all invested in their farms. In some districts, it has been shown to our committee, thousands of farmers have lost everything because of their inability to meet their drainage taxes. In some areas 60 per cent of the farm population has been dispossessed, their land having been taken for taxes.

The relief provided in this bill would be readily available and would help the conditions known to exist in considerable areas of 34 different States of the Union.

Mr. MILLER. Mr. Speaker, the necessity for the passage of H. R. 4650 is so great that the proponents of this bill have filed the petition as provided by the rules of the House asking that the Rules Committee be discharged and that the bill be considered upon its merits. Therefore a discussion of the merits of the bill is proper before a vote is taken on the motion to discharge the committee.

The problem dealt with in this bill has been diligently studied by the Committee on Irrigation and Reclamation for the last few years. During this time the committee of the Seventieth and Seventy-first Congresses, as well as the present committee, conducted extensive hearings in an effort to determine whether there is a real need for this proposed legislation, and whether the need is national in its scope and a proper field for national legislation.

The hearings revealed that in at least 34 States of this Union progressive and patriotic citizens, largely in response to the demand of the Government for a greater production of food and other agricultural products during the World War, undertook upon their own initiative and responsibility the task of reclaiming from the swamp areas many millions of acres of land in the valleys of the Mississippi River and its tributaries. In the arid and semiarid States of the West great irrigation projects were launched by citizens prompted by the same patriotic desire to serve their country in time of need, and to add to the aggregate wealth of the country.

To accomplish these purposes it was necessary in all of the States that there be concerted action and, accordingly, the citizens of the various States proceeded under their own laws to organize improvement districts varying in size and area according to the location and the purposes to be served. Some are purely irrigation districts, some are drainage districts, some are levee districts, and some combine all of these activities. At the time most of these districts were organized agriculture, as was practically every other business, was enjoying prosperity, and agricultural products were selling at a price sufficiently above the cost of production to justify the landowners to undertake this additional expense of improvement. At that time it could not be foreseen that within a few years the price of agricultural products would drop to the unprecedented levels that exist to-day.

In the organization of these districts, and for the purpose of carrying out the improvements contemplated, it was necessary to issue bonds and other evidences of indebtedness in order to raise money. These bonds were issued, and their payment was guaranteed by a pledge of assessed benefits against the land within the district, or by a pledge of the taxing power of the district, so that there was placed behind these bonds the full value of the lands and the improvements thereon within the particular district, as well as the taxing power which in some States covered all property of every kind and character situated in the districts.

In most instances the work contemplated and executed by the districts accomplished the purpose intended and many millions of acres of land were reclaimed and added to the aggregate wealth of our country. Hardy and patriotic citizens founded their homes upon these lands and proceeded to develop the lands and build schools, churches, roads, and all other things necessary to contribute to the general welfare and prosperity of the States in which the districts are situated. In most cases the districts were functioning properly, and it was thought by all that these citizens had wrought well and had accomplished much, not only for their individual benefit but for the benefit of the Nation. The time came and has prevailed since 1926, with the unprecedented decline in values of agricultural products, until now many of these districts are in default, and these same citizens who had apparently planned so well and who had discharged a patriotic duty now face the prospect of losing their all. The obligations of these districts are first liens upon the property situated therein and must be discharged if this calamity to a considerable portion of the citizens of this country is to be avoided. There are more than 5,000,000 people residing in these districts and earning their living from these lands, but they have reached the parting

of the ways. It is necessary now that relief be given these citizens or they will lose the homes they have established and be forced to seek employment elsewhere or to join the ever-increasing horde of unemployed. This is no imaginary menace to the well-being of this country. Foreclosures have been instituted and are now pending in a great many of these districts, and unless the National Government, through its power given by the Constitution, extends to them a helping hand economic ruin and disaster will inevitably follow.

It is known that people who have followed for a considerable number of years agricultural pursuits, when forced to abandon that vocation usually drift to the cities and in the course of years they and their families lose their status as producers of wealth and become consumers of wealth. Gentlemen may argue that we have an overproduction of agricultural products in this country now, but there is no such thing as a general overproduction of necessities. Production can only be measured by the desires of humankind, and no one in this country is satisfied with the things that he possesses. Better homes are in demand, better schools are needed, better roads are required, and in general a higher plane of living is sought by us all. These things can not be acquired if production is stopped or hampered, and from an economic standpoint this Nation can ill afford to fail to render to these people this relief.

Under the provisions of this bill this relief can be afforded. It is not a gift. It is not a contribution. It is merely an extension of credit. The Government does not stand to lose one penny by the extension of this credit. Under the terms of the bill the governing authorities of the districts are empowered under the supervision of the Secretary of the Interior to negotiate with the holders of these securities and reach an agreement with them as to the present value of the securities. When this has been determined, if the investigation of the Secretary of the Interior reveals that the public works of the district are properly functioning, and if there exists the economic value as agreed upon, then he is authorized to advance to the governing authorities of the district a sum of money sufficient to liquidate the outstanding indebtedness.

To secure the payment of the advance so made he takes back from the governing authorities of the district the undertaking or bonds of the district conditioned that the district will pay into the Treasury of the United States during a period of time not to exceed 40 years the money advanced to the district with interest at 3 per cent. Investigation reveals that the bondholders in many districts are willing to make material concessions and to accept in payment a sum much less than the face value of the bonds now against the districts. While it is not the desire of anyone that any investor shall lose money, the investor is facing one of two alternatives. He can either negotiate with the governing authorities of the districts, or they can resort to foreclosure and take the homes of these people, and either return these lands to the arid wastes or swamps from which they were reclaimed, or they may enter upon the farms and cultivate them en masse and thus destroy the little home owner and the little farm, and convert these immense areas into an agricultural country operated by a great corporation. Certainly no one desires that this condition shall be brought about, and it appears to me that this Congress would be derelict in its duty if it sits idly by and permits such to happen.

Gentlemen may argue that this is a bill designed for the relief of bondholders. It is not such a bill. It is true that the bondholders may and will derive benefits from it, but the bondholders have behind their bonds now the resources of these districts, and the conditions are such that the people residing in the districts can not pay the obligations, and in the last analysis this bill is primarily for the relief of the individual landowner.

Gentlemen may argue that this is class legislation and that to extend aid to the landowner in the district will be giving him an advantage over the landowner who lives outside the district, but such is not the case. These improvements, particularly in levee and drainage districts, are im-

provements that benefit in a measure the entire country and all of the adjoining lands, and the man on the outside of the district receives a benefit by having an outlet established for the drainage of his lands and still does not have to meet the special improvement taxes. Instead of being a discrimination it is a bill that will establish equality, because when you relieve these lands from this devouring burden of special-improvement taxes you place that particular landowner on the same plane as the adjoining landowner whose property is not mortgaged for the payment of these taxes.

The bill further provides that during the first five years after a district is given the relief that no special drainage, levee, or irrigation taxes shall be due, except such as may be sufficient to maintain and keep in operation the public works therein, thus giving in a measure a period of five years to these oppressed landowners in which to rehabilitate their farms and reconstruct farm improvements, and to free themselves of their other local indebtedness. No greater task confronts this Congress or this Government than that of extending to the American farmer the opportunity in which he may by his initiative and industry rehabilitate himself. Agriculture, if given an opportunity, will rehabilitate itself. We have enacted the Reconstruction Finance Corporation act. We are extending to every financial institution in this land the benefit of the resources of the Government, and the time appears opportune to extend to these depressed farmers, these 5,000,000 people, the same manner of help and relief that we are extending to the financial structures of this country.

The enactment of this bill will afford practical relief to the unemployment situation of our Nation. If we can, by the passage of this bill, prevent the addition of these millions to the unemployed of this country, we shall have rendered a great service. The direct benefit which the farmer will receive from this bill can be measured by his tax receipt. These improvement taxes to-day constitute by far the major portion of the taxes which the farmer is called upon to pay. Its passage will give to that farmer a ray of sunshine.

It will kindle anew in him a hope and spur him on to greater endeavor, and result finally in the saving to him and to his family the home that they have carved out of the wilderness or have established upon the arid wastes. At the same time it will restore to the local tax books, State and county, this property and give to the local government a source of revenue.

We have within the last few years heard much about farm relief. This bill constitutes and is the foundation for real farm relief to a substantial number of real dirt farmers. There is nothing hazy nor mysterious about it. It is practical. It is workable. It carries every safeguard against speculation. It provides a means whereby those whose homes have already been jeopardized and temporarily lost may redeem those homes and may recoup their life's work. In operation the bill is direct and the relief will be readily available.

There are 4,631,155 acres in drainage projects in Arkansas alone; 2,614,427 acres of this area are improved land, 4,435,280 acres are sufficiently well drained to raise a crop, 609,211 acres fit for a partial crop, and only 586,664 acres unfit because of lack of drainage.

There are 2,940,035 acres in occupied farms and, in 1930, 2,425,632 acres were actually in planted crops.

There are 4,974 miles of ditches and an invested capital of \$37,532,575.

There are 316 drainage districts in the State, with an average of 18,243 acres.

Thirty-two per cent is in arrears on payments of principal and interest, meaning that in 1930 there were 1,001,260 acres delinquent.

Ninety-eight per cent were organized between 1905 and 1925; 2 per cent have been organized since.

The average cost of maintenance and operation in 1929 was 4 cents per acre.

Our Government has already undertaken work of a very similar nature. Hon. Ray Lyman Wilbur, Secretary of the

Interior, in his book on Conservation, published in 1931, at page 13, says:

Irrigation from a Government standpoint is handled by the Reclamation Service, in the Department of the Interior, which is custodian of a revolving fund amounting on June 30, 1931, to \$151,694. This fund is used for the development of irrigation projects in the West. The Reclamation Service develops these projects and they afterwards return the money, which is put into new projects. There are 25 of these Federal irrigation projects, irrigating one and one-half million acres divided into 40,000 farms. The crop value on them in 1930 was \$65,000,000, and they support a population of nearly half a million people. The fund was created in 1902, when much of the land to be reclaimed was Government land.

Further, on page 29, this same official says:

There are three units in the entire Colorado River project, the Hoover Dam, the power houses, and the All-American Canal—with a total authorization of \$165,000,000. The canal will be 200 miles down the river, will cost \$38,500,000, and will be big enough to float a ship drawing 20 feet of water. It will carry water to desert lands in southern California, replacing the present international ditch, and will be the biggest irrigation canal ever built. The money for all of this will be advanced by the Government. The cost of the dam, power plant, and appurtenant works will be repaid with interest from power sales, contracts for which are already signed. The cost of the All-American Canal will be repaid by the water users benefited.

Further, on page 154, the same official says:

Gradually, with the development of a more intelligent understanding of the fundamental problems, we have acquired new conceptions of continental conservation. Conservation is a term around which much confusion has lain. Conservation means wise use. Wise use means that a natural asset shall be used for the proper purpose and at the right time. Conservation does not mean the hoarding of national resources for a hazy indefinite future. It does mean intelligent and thoughtful planning for every resource of our continent.

On page 164 of the same book the distinguished Secretary says:

We must distribute urban population over wider areas as rapidly as we can.

If, as a national policy, we must distribute urban population, would it not be wiser to take steps now to prevent the flow of rural population to the urban centers?

On page 173 he continues:

The public-land States include that vast arid portion of the country where farming is not possible without irrigation. Congress early recognized this essential difference from the rest of the country where settlement under the homestead laws brought about full agricultural development and enacted the desert land and Carey acts to supplement the homestead law. Under these private laws by private and community effort the essential agricultural development of the West received its first impetus. The limit of development by private enterprise was reached when the low-water flow of the streams was all appropriated and it became necessary to provide storage of the floods to be held for use during the dry season. The high cost and long development period of these large projects made them prohibitive from the standpoint of comparatively short-term investments, and many well-intentioned efforts in this direction resulted in total loss of investment not only by the promoters but by thousands of settlers as well. This led to the enactment of the reclamation act, designed to make possible in the arid States the building up of farm population and production in fair proportion to steadily increasing urban population of those States based upon mining, lumbering, and, along the coast, shipping and industrial pursuits.

The bill under consideration does not apply to Federal reclamation projects but applies only to private enterprises, and because of the high cost of the development the people who have undertaken this work now face the possibility of their total investment being lost, and this applies to the farmers' homes as well as to the bondholders. Therefore, following the reasoning of the distinguished Secretary, it is now necessary, if this calamity is to be averted, that the Federal Government extend aid to these non-Federal projects.

Speaking further along the same lines, on page 175, he says:

Although the development of Federal reclamation is of tremendous importance to the West, the value of crops grown on irrigated lands in these projects is only three-fourths of 1 per cent of the total crop value of the Nation. Fundamentally, it may be said that reclamation has surmounted the barriers of aridity, controlled and converted for useful purposes the menace of the flood, pushed back the frontiers of the desert, and subordinated them all to the services of the purposes of our forefathers in their efforts to establish permanent homes and pros-

perous communities on the public domain. The irrigation of the arid and semiarid portion of the West is assuming proportions of increasing significance as knowledge and experience enlarge the useful field of our first endeavors and reveal the multiplicity of problems involved in the development and protection of every project. Drainage, colonization, flood control, erosion, power, and kindred subjects have in fact, or should become, major pieces in the mosaic which is now the Reclamation Service.

On page 178, in speaking of the work and recommendations of the committee appointed by the President, he says:

Much has been accomplished toward flood control by projects already constructed primarily for irrigation, and the Hoover Dam project will reach the apex of achievement for the arid West in that respect. But the far-reaching benefits of each successful project in the protection of the lands below the impounding works serve only to intensify recognition of the immensity of the fields still unoccupied. None of the public-land States is free from the danger and devastations of floods, but the flood which wipes out a prosperous community or destroys an area in an agricultural district is a national and regional as well as a State calamity, varying in importance only to the extent of the property destroyed and the number of lives wasted. Whether it be the Mississippi at flood with its dreadful potentialities or the Rio Grande above the Elephant Butte or the Colorado above Black Canyon after that project has been completed or any stream in the West subject to the same destructive forces in flood time as are these great river systems, the principle that the problem of control is national and regional as well as State remains, and the same should be recognized.

Therefore, it seems to be recognized by those in high authority that the problems embraced in this bill are national in their scope. If they are national, then the Congress should act to save the agricultural districts that are now supporting a population of more than 5,000,000 people.

If it is wise for the National Government to advance a total of \$316,964,000 to afford relief to 40,000 farms, with a population of only 500,000 people, is it not wise for the Government to advance the sum carried in this bill to save many thousands of acres, upon which more than 5,000,000 people live? There is no difference between the wiping out of an agricultural district and the destruction of the hopes and ambitions of its people by a flood than by a failure of the Government to act in a time of necessity.

The learned author further reviews the effort and the legislation of the National Government in extending relief to the landowners in the arid and semiarid West, and further says, beginning on page 243:

Then, finally, in 1902 the Federal reclamation act, under which the Government advanced the money for projects too big to be otherwise handled, came into being. It has brought water to various sagebrush plains from Canada to Mexico, and has distributed under careful supervision the fertile lands which, before it waved its wand, were barren wastes.

In that policy the Government was farsighted. It took the initiative and said to those people: "We will develop your project, and you can repay upon terms that will permit you to live and rear a family." The only difference is that the people which it is intended to benefit by this bill took the initiative and started the projects. They would have carried on had not this depression come. It came; and the question is now whether they should be discriminated against because they had the initiative and desire to develop the resources of this country or whether they should have set idly by and drifted hither and thither, waiting for the Government to take the initiative and build these levees and drainage canals.

Further, in speaking of the necessity to conserve and to protect our tillable land, the distinguished Secretary said:

The sand largely has run through the hourglass for agricultural lands on the public domain.

That statement is literally true, and the sand has run and is running now through the hourglass for the saving of homes of more than 5,000,000 people in 34 States in this land. Unless this Congress heeds the urgent call for help, in my opinion, it will be neglecting its duty to conserve the resources of our great country, to aid unemployment, to stop the drift from the farm to the city, and in fact, will strike a blow at the continued development of the resources of this great land.

Mr. GLOVER. Mr. Speaker, ladies and gentlemen of the House, I desire to discuss with you the bill H. R. 4650, com-

monly known and referred to as the Glenn-Smith bill, which is now before the House for consideration.

It was my privilege during the first two years of my experience in Congress to be a member of the Committee on Irrigation and Reclamation, which considered various bills referred to it, and the drafting of this bill carried with it the best thoughts contained in each of the bills introduced.

First, I desire to state that this bill affects possibly more people in the United States than any other one bill that is now before Congress. The bill vitally affects 35 States in this Union. The committee drafted this bill and reported it through its chairman, Mr. ADDISON T. SMITH, which had the unanimous indorsement of the committee, and we fully expected to get a hearing on this bill during the last session of Congress.

We petitioned the Rules Committee for a rule for the consideration of this bill, and the petition presented to the Rules Committee contained 135 names of Members of Congress who were vitally interested in the passage of this bill. To our surprise, after three days of pleading with the Rules Committee, we were denied a rule on this bill during the last session of Congress so that it could be considered and passed.

The bill was reintroduced this year in practically the same form as it was last year and with only a few minor amendments. I understand that it was presented this time to Congress with the unanimous report of each member of this committee.

The chairman, Mr. ROBERT S. HALL, of Mississippi, has used every effort to get the bill before this session of Congress for consideration. He applied to the Rules Committee for a rule for the consideration of this legislation, and I understand that 218 Members of Congress petitioned the Rules Committee for a rule for the consideration of this measure and we have been denied a rule by them for the consideration of this important legislation.

We have resorted now to the only remedy left, by filing a petition with the Clerk and asking for 145 Members to indorse this petition to take it out of the possession of the Rules Committee for a consideration of the bill on the floor of the House, and that number has been signed to this petition. Now we ask you to sustain this petition and bring the bill to a final passage. We plead with you to do it.

It is not my disposition, and I would not under any circumstances criticize any member of the Rules Committee or any other committee for his action with reference to any measure, but it is my candid opinion that if the Rules Committee had given this bill the careful consideration that the committee has, or had read the hearings before this committee showing the emergency for this legislation, that they would not have denied us a rule for the consideration of it.

I want to take up the bill, first, and discuss it section by section, and it is my opinion that every objection that anyone may offer to this bill can be answered by those of us who have made a careful study of this measure.

Section 1 of this bill provides that—

The Secretary of the Interior is authorized to loan, out of the revolving fund hereinafter created, to any such district or legal entity an amount sufficient to redeem such bonds, certificates of indebtedness, or lawful indebtedness, and unpaid judgments, warrants, and the accrued interest thereon, in the manner and under such restrictions and conditions as are hereinafter set forth.

It might be well here to state that at a time when the Nation was prosperous many improvement districts were formed by acts of the legislatures of the various States and if conditions had prevailed as they were when the legislation was first enacted, the taxes could have been met without such a heavy burden being thrown on the landowners. The most of these levy and drainage district bonds are bearing 6 per cent interest. On account of the excessive overflows and droughts, it has been impossible for many people to meet their levy and drainage district taxes and many thousand acres of the finest land in the United States has been forfeited for these taxes.

In one county in my district there are more than 60,000 acres of the very finest kind of lands that have forfeited for their levy and drainage and general taxes, and have been

bought in either by the levy or drainage districts or have been forfeited to the State for the nonpayment of taxes.

Here is where the burden falls heavily upon those who do pay; they are required to pay a larger tax in order that county, State, and school taxes are kept up. You will remember that when an improvement district is formed all the lands inside of the improvement district are pledged for the payment of the money borrowed and the taxes accruing against it. If one man should pay his taxes on all of his lands as they fall due, both levy and drainage district and State, his lands are still in the district, and every acre of them is bound for the payment of the full amount against said district.

If one man could pay his taxes and be relieved of that burden, then there would not be such a justification for this kind of legislation. I will discuss this matter further before the conclusion of my address.

Section 3 of this bill provides:

Loans shall be made only to the legally constituted authority which has issued the bonds or its successor in interest, and not unto it until the Secretary of the Interior has satisfied himself by such examination of the engineering works, for which the legal obligations were issued, as he may deem necessary, of the reasonably successful operation thereof, and that the lands designed to be benefited by these works are receiving benefit to a reasonable degree.

The Secretary of the Interior shall make or cause to be made an appraisal of the value of the taxable property of each district making application for a loan as well as of its economic value, and no loan may be made until the Secretary is satisfied it will be paid at maturity.

Loans may be made annually or otherwise to take up the principal of and/or accrued interest on the aforesaid bonds already due and unpaid and/or as they become due: *Provided, however,* That when the amount of the outstanding and unpaid bonds and interest of any district is greater than the appraisal and/or the value of the bonds which such district could issue under the terms of this act, then the governing authority of such district, subject to the approval of the Secretary of the Interior, is hereby authorized and empowered to negotiate with the owners and holders of the outstanding bonds and other evidences of debts of any such district for the purpose of compromising and reducing the amount of existing indebtedness, both of principal and interest, in any such district to an amount not greater than the appraisal therein, and thereupon the Secretary of the Interior may loan to such districts in the manner herein provided an amount sufficient to pay off the bonds and other indebtedness so compromised and reduced.

This section of the bill very carefully protects the Government in making these loans. This section provides further that the Secretary of the Interior shall either make or cause to be made an appraisal of the valuation of the property, and no loan shall be made until the Secretary is satisfied that the loan will be paid at maturity.

This section further provides that when the outstanding and unpaid bonds and interest of any district are greater than the appraisal of the value of the bonds that the Secretary of the Interior is authorized and empowered to negotiate with the owners and holders of the outstanding bonds or other evidences of debt for the purpose of compromising and reducing the amount of the existing indebtedness, both of the principal and interest in any such district to an amount not greater than the appraisal of said property. This prevents anyone holding the bonds from receiving any more than the actual value of their bonds at the time they are to be taken up.

In other words, if a bonded indebtedness has been fastened on a district and the bonds are only worth 50 cents on the dollar, and the Secretary of the Interior so finds, then before these bonds would be taken up and refunded the holder of the bonds would have to reduce the amount to the sum that it is found that the bonds were actually worth, and the landowner would save this difference, which would help him out of his trouble that he is now in.

Section 4 of the bill provides as follows:

That the Secretary of the Interior, before making the loan, must be satisfied that satisfactory legal authority exists for and ample provisions have been made to annually tax the taxable property pledged as security or as subject to assessment for the bonds issued sufficient to pay the maintenance expenses of the district for a period equaling the life of the loan and beginning at the end of 10 years the annual taxes must be sufficient to establish a sinking fund which will retire the loan at the maturity dates fixed by the Secretary of the Interior. All money

collected for the sinking fund must be deposited in the Treasury of the United States to the credit of the debtor, but may be transferred into the revolving fund by the Treasurer of the United States on application by the Secretary of the Interior.

This section of the bill provides that beginning with the 10 years after the passage of this act there shall be started a small sinking fund which will be amortized and carried through the remaining period of 30 years and will by that time retire not only the interest but the bonds themselves and leave the lands clear of debt.

The most important section of the whole bill is section 5, which reads as follows:

Loans shall be made for a period not exceeding 40 years, to be determined by the Secretary of the Interior in each case, which shall bear interest at a rate of 3 per cent per annum, payable annually: *Provided, however,* That during the first five years of the loan the interest shall accrue and be payable during the succeeding years of the loan in equal annual installments.

Loans shall be secured by the issuance and delivery to the Secretary of the Treasury by the legally constituted authority refunding bonds payable to the United States in the amount of the loan, and it shall be and appear on the face of each bond that it is a lien on all the taxable property within said district and/or the benefits assessed against said property or said property which may be subject to assessment for the payment of said bonds, and the Secretary of the Interior shall fix the dates of the maturities of said bonds. That where such bonds are issued by a county and it shall appear that under the laws of the State in which such county is situated such bonds are direct and general obligations of the county issuing the same, and that provision is made by law for the levying and collecting of taxes for the payment of such bonds, it shall be sufficient if each bond on the face thereof shall pledge the full faith and credit of such county: *Provided further,* That no district may issue additional bonds for any purpose without having first obtained the written consent of the Secretary of the Interior as long as it is in debt hereunder.

Let me, if I can, give you a practical example or application of this bill to an individual farmer living in my district. We will say that he owns 1,000 acres of land, that are in one of these improvement districts, and on account of the heavy burden of taxation the improvement district is now in the hands of a receiver. The usual rate of taxes in these drainage and improvement districts is 6 per cent and the farmer is required to pay that and not only that, but he is also required to pay a further general tax for the maintenance of the schools of the county and State government.

This bill proposes to come to his rescue and to have these levy and drainage district bonds refunded and to be carried over a period of 40 years. For the first five years no interest is to be paid at all. At the expiration of five years, he then begins to pay a tax of 3 per cent and pays that tax for the next five years. At the end of this time, or at the end of the 10 years, then a small sinking fund is started, which, carried through a period of 30 additional years, will entirely retire both the principal and interest of the bonded indebtedness.

In other words, it will be a saving of 3 per cent on interest, and the saving on interest also would much more than be enough to mature the entire bonded indebtedness during the period of time this bill is to run.

If this bill should pass and be signed by the President, it would be a new day for agriculture in the United States. The very best lands that we have in the United States are involved in these drainage and improvement districts. During the 5-year period of time when no interest is to be paid, the lands could be brought into a state of cultivation, and at the end of the 10-year period, there would be no trouble whatever for the farmers to meet this small tax.

Section 6 is a very important section of the bill also. Section 6 provides as follows:

Whenever any district shall have sold any property in said district for unpaid taxes and shall have bought in the same, and shall hold the title to such land, then the Secretary of the Interior shall require, when any loan is made to said district, that the district allow the owner at the time of such sale and purchase, or his heirs at law, executors, administrators, or assigns, to repurchase said land within a reasonable time to be fixed by the Secretary of the Interior for no greater sum than the taxes for which it was sold and purchased, plus taxes which have accrued on the same since the date of said sale.

This provision in section 6 will enable many farmers to gain back their lands that seemingly were lost forever. Not-

withstanding any statute of limitation that might have run in any State before the Government would make the loan which would require the district or bondholders to surrender the lands back on the payment of the amount of taxes due up to that time. This provision would enable many persons to regain their lands that never could be regained in any other way.

This bill provides for a 5-year period of making these redemptions, and \$20,000,000 each year would be used for that purpose.

The Government could not possibly lose anything on one of these loans because the lands involved in it and which would be security for the loan are the best securities that could be had.

We have in the State of Arkansas alone in the various drainage and levy districts 2,183,015 acres of land involved in the districts. Of this amount of land 1,231,797 acres are in cultivation. The assessed valuation of the lands in these districts is \$29,689,454.23. There are 31,687 individual landowners of lands in these various districts.

The drainage taxes this year in our State amounted to \$1,844,779.79. Of this total amount of acreage in our levy and drainage districts in my State we have 321,239 acres that are now delinquent.

The total levy and drainage district bonds outstanding in my State is now \$21,706,424.87. From these figures, which are similar to those in other States, you can readily see why the landowners in my State are so vitally interested in the passage of this act.

Many of these districts in my State have been formed to aid in controlling the flood waters of the Mississippi and its tributaries. In a great many instances tax burdens for flood control have been placed against the lands of individuals—much of which lie in my district—which should never have been placed against the lands at all, but should have been paid by the United States Government.

And certainly, when the Government finds the people in such distress as they are now, it certainly should be willing to come to their rescue with a reasonable proposition that the Government could never lose a dollar on.

The National Government in the past laid out what is classed as a standard levee, that it created to protect other lands before the standard levee as proposed by the engineers of the War Department was built. It was necessary that the owners take care of the flood water, and they found that the natural outlet was in Desha County, through Cypress Creek drainage system, which system appears to have been formed by natural sources many years before any levee construction had been undertaken.

About the year 1910 this survey was undertaken by the Department of Agriculture, and soon after the completion of the survey a bill was introduced in the Arkansas Legislature creating the Cypress Creek district. The preamble of that bill recited that the drainage district was being constructed for the purpose of closing Cypress Creek Gap, thereby making it possible for the Government to build its standard levee for the purpose of controlling the waters of the Mississippi, which formed part of the flood control.

The property owners were told, and it was generally understood by all the property owners, that the standard levee anticipated the highest possible stage that could exist and that they would have protection forever from the ravages of the Mississippi River.

The Cypress Creek drainage project was financed, so far as the survey was concerned, by the Department of Agriculture, and the act which created the district provided that the levee district might use its funds in assisting in this project. In other words, both the levee and drainage acts anticipated a levee system and not a drainage system.

In order that the settlement waters might be carried on through to artificial outlets the people of Checo County formed a similar project, taxing their lands under the project which was to protect themselves from the Mississippi River.

Legislation from time to time carried the legislative declaration that these lands would be greatly enhanced in

value and thus authorized the expenditure. These lands were taxed first to build a levee, which levee was constructed to aid navigation and agricultural industry, the Government putting up \$2 to aid navigation and the property owner putting up \$1 to aid agriculture.

In addition to this the landowners have put up a very heavy drainage tax in order to help the levee, which levee was intended to assist the economic conditions of the vicinity saved by the levee.

I can not conceive how Congress, that has gone to the extreme limit of helping every other class of industry, can in this hour of distress turn a deaf ear to agriculture and refuse to come to the relief of the many persons that are now in distress on account of this burdensome tax, when the relief could be given and the Government never lose one dollar.

It is my opinion that before we get out of the economic depression that we are now in we must begin where aid is so badly needed to bring agriculture and agricultural lands back to their rightful use and value. Agriculture is the basis of all our wealth, and when it fails everything else fails with it and when it prospers everything else is prosperous.

I hope to see the day very soon when agricultural lands will be free from debt, and when the price of the farmers' commodities will at least bring the cost of production with a reasonable rate of interest for the investments made, and when this is done we will see better times and the dawn of a new day.

The passage of this bill would do more to restore confidence in agriculture than any measure that could possibly pass this Congress, and I trust that every one of you will find it in his heart to come to the rescue of this class of persons and cast his ballot for this bill.

THE REVENUE BILL

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. BANKHEAD in the chair.

Mr. CRISP. Mr. Chairman, I wish to submit a unanimous-consent request, and I ask for two minutes to do it.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CRISP. Mr. Chairman and gentlemen, when the House voted on the first paragraph of the manufacturers' sales tax title, it was understood that if that was eliminated a motion would be made to eliminate all the succeeding paragraphs of that title dealing with the manufacturers' tax title of the bill.

We have disposed, by the adoption of the so-called Crisp amendment, of matters that would remain in the title as a special tax. There is no need of the other provisions in the title dealing with the manufacturers' tax title, so that my unanimous-consent request is not to have the remaining provisions read, but to strike them all from the bill, simply leaving in the title the last section, which provides when the special tax shall take effect, 30 days after the passage of the bill. If that is granted all of the other sections in the title will be eliminated, and we will resume consideration of the bill on page 31 of the administrative features.

Mr. RANKIN. It was understood that they were to go out.

Mr. CRISP. Yes.

Mr. O'CONNOR. Mr. Chairman, reserving the right to object, will the gentleman from Georgia at this point tell us whether or not he has made up his mind to demand a separate vote on the oil amendment and the coal amendment?

Mr. CRISP. They are all together in the same amendment, and I have myself, as acting chairman of the committee, voted in some instances, in order to stand by my

committee, as otherwise I would not have done. I have not reached any conclusion as to that, but I can say to the gentleman from New York that I know of one member of the committee who is going to demand a separate vote.

Mr. O'CONNOR. Does the gentleman at this point think that the amendment would be divisible, so that we could have a separate vote on the oil-tariff provision and also on the coal-tariff provision?

Mr. CRISP. If I may have my time extended for a couple of minutes—

Mr. RANKIN. Mr. Chairman, I ask unanimous consent that the time of the gentleman be extended for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CRISP. Here is the parliamentary situation. In the so-called Crisp amendment there was a special excise tax levied on wort, malt sirup, and grape concentrates, and that also included the tax on imported oils and gasoline, and an amendment was added to that Crisp amendment providing for a tax on coal. When we get into the House, if we have a separate vote on the Crisp amendment, and the amendment should be rejected, in my judgment that would eliminate from the bill the tax on wort, malt, lubricating oil, and on coal, but it would not reach the tax on imported gasoline. Why? Because if that amendment is rejected, then that part of the bill which contained the tax on gasoline would still be in the bill. I think that is the parliamentary situation.

Mr. O'CONNOR. Will the gentleman pursue that further and state whether the reverse of that is true. Having had the vote on the wort, malt, and so forth, could we have a separate vote on the oil-tariff provision?

Mr. CRISP. From a parliamentary standpoint, I think you could not.

Mr. O'CONNOR. It is very unfortunate, because some of us want to find out how many Democrats are sitting on this side of the aisle. That is why we want a separate vote upon it.

Mr. RANKIN. This can be done, as I understand it. We can get a vote on these propositions on a motion to recommit.

Mr. CRISP. You can.

Mr. RANKIN. Is the gentleman from Georgia willing to go with us on a motion to recommit?

Mr. CRISP. I shall cross that bridge when we get to it. The gentleman knows my personal views.

Mr. HASTINGS. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. HASTINGS. Will the gentleman indicate how far down we go by this unanimous-consent request; how much we eliminate from the bill? We begin at section 602.

Mr. CRISP. Starting on page 229, at section 602, we go down to section 619, on page 250, and the only thing left in the bill is the title:

This title shall take effect on the thirtieth day after the enactment of this act.

That is, the tax contained in the bill on wort, grape concentrates, malt, and so forth, takes effect 30 days after the enactment of the bill. All the rest is stricken out.

Mr. HASTINGS. And 619 would be retained in the bill?

Mr. CRISP. Yes.

Mr. HASTINGS. But everything between 602 and 619 would go out if the unanimous consent is granted?

Mr. CRISP. Yes.

Mr. McCLINTIC of Oklahoma. If unanimous consent is granted, it is then the gentleman's purpose to go back to the front of the bill and start in where we left off?

Mr. CRISP. On page 36, and try to dispose of those gaps in between.

Mr. MARTIN of Oregon. Mr. Chairman, do I understand the gentleman to say that we are going to put these Democrats on record on these coal and oil provisions?

Mr. CRISP. I did not say that.

Mr. RANKIN. I will say yes.

Mr. MARTIN of Oregon. Unless I am assured of that vote I shall object to the request.

Mr. CRISP. Oh, this does not affect that in the slightest. I hope the gentleman will not object. What is the use of reading these matters and then striking them out as you come to them? I ask that they all be stricken out now. That is all I ask.

Mr. MARTIN of Oregon. Under those conditions I withdraw my objection.

Mr. RAMSEYER. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. RAMSEYER. We are on title 4. I understand a subcommittee of the Committee on Ways and Means is working on some excise taxes to raise the revenue which would have been raised by the manufacturers' excise tax.

Mr. CRISP. That is correct.

Mr. RAMSEYER. I understand the subcommittee is not yet ready to report to the full committee.

Mr. CRISP. It is not.

Mr. RAMSEYER. Will whatever of excise taxes the Ways and Means Committee decides to report to the House come in under title 4?

Mr. CRISP. I think that is the proper place for them. They will be before the House for its consideration open to amendment, and it will be within the province of the House to strike them out. This request is made to expedite matters.

Mr. RAMSEYER. And if the unanimous consent is granted, the gentleman intends, then, to go to page 36, and come back to title 4, and then offer the amendments the committee has agreed on.

Mr. CRISP. As soon as the committee has their recommendations ready—and I hope the committee may be able to reach some conclusion to-morrow—they will be brought in. The committee is honestly and sincerely seeking to bring in a program that will be acceptable to the House to try to balance the Budget. We are not trying to bring in any program that might show disappointment, spleen, or that would cause embarrassment to anybody.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. SCHAFER. Mr. Chairman, I ask unanimous consent that the gentleman have five minutes more.

Mr. BLANTON. Mr. Chairman, I demand the regular order.

The CHAIRMAN. The regular order is, Is there objection to the request of the gentleman from Georgia?

Mr. STAFFORD. I want to discuss the merits of that proposal.

The CHAIRMAN. The attention of the gentleman from Georgia is called to the fact that the Clerk has not yet read paragraph (e) on page 229. Does the gentleman wish to include that in his request?

Mr. CRISP. Yes, Mr. Chairman.

I do not see how any Member of the House can object to this request. It was the judgment of the House that all of that title was to be stricken out, and this request is simply to do that, instead of having to read it and then move to strike out each paragraph.

The CHAIRMAN. The gentleman from Georgia [Mr. Crisp] asks unanimous consent that the further reading of all of the bill, beginning at paragraph (e) on page 229 down to and including section 618 on page 250, shall be stricken from the bill.

Is there objection?

Mr. SCHAFER. Reserving the right to object, in order to propound a question, did I correctly understand the gentleman to indicate that when the Doughton amendment was adopted the manufacturers' sales tax title was to be stricken out? If that is so, why did not that motion strike out the tax on lubricating oils, and so forth, on page 228; because, in regard to those taxes, the bill reads:

In the case of the following articles the tax imposed by this title shall be in the following rates.

Mr. CRISP. I have tried to answer the gentleman with regard to that matter. These items were in that title, but they were not under the 2¼ per cent manufacturers' tax.

They were not involved in the manufacturers' tax at all, but they happen to have been incorporated in that title of the bill, and they had a specific excise tax levied against them. The understanding of the House did not include striking out those items but only everything that would be required to pay the regular $2\frac{1}{4}$ per cent manufacturers' tax.

Now, I can add nothing to that statement.

Mr. SCHAFER. If the gentleman's unanimous-consent request is granted, then the Federal Government will be able to issue a certificate giving a clean bill of health to the Capones and other racketeers manufacturing 9 per cent beer from brewers' wort, which is legalized in this section, in direct conflict with the Volstead Act.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read as follows:

(b) Fiscal year ending in 1932: For credit against the tax of amounts of tax paid for a fiscal year beginning in 1931 and ending in 1932, see section 132.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, along the line of the colloquy between the acting chairman of the Committee on Ways and Means and several Members with reference to oil and coal, I wish to make this observation, and I make it because of the reference made by a number of the newspapers throughout the country to the consideration that this bill has received in the House up to date: In my opinion, we will pass a bill which will approximate the greatest amount of satisfaction under existing conditions. There is nothing about the situation to date that disturbs me. We have had our fight. Men have honestly differed on the excise provisions. Personally I was opposed to it in principle. I never believed in a tax on the necessities of life, but I felt that what was left, under the circumstances, under the law of necessity, compelled us to proceed in that direction; but Members honestly differed, and the matter is out of the bill and we are going ahead with a determination to balance the Budget, because practically all of us realize that that is necessary. We also realize that the people of the country are demanding that the Budget for 1933 be balanced. The unfortunate feature about this bill is the tariff provisions. I recognize that those from oil districts and from coal districts are interested, but until we get out of this bill those two tariff provisions a suspicion will be attaching against this bill during its entire progress through the House and, if the bill passes the House with those two provisions in it, when it gets over to the other body.

Mr. RANKIN. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. RANKIN. As I understand, this is a tax bill to raise revenue.

Mr. McCORMACK. For the Treasury.

Mr. RANKIN. And not a protective tariff bill?

Mr. McCORMACK. Absolutely not a protective tariff bill.

Mr. RANKIN. But if we leave those two tariff provisions in the bill, the one on oil and the one on coal, will it not be an invitation to every man on the floor of the House who has something in his district which he wants to protect to be offering an amendment to put a tariff on it?

Mr. McCORMACK. Absolutely. But my brief observation is not to create controversy but to make a slight observation.

I have confidence that we will pass a good bill, and the people of the country ought to realize that this House is operating rationally now. We are going along with a determination to balance the Budget. The two provisions in the bill with reference to a tariff should be eliminated, and at the proper time I hope we will be in a parliamentary condition that a proper motion can be made to that effect, in order that a revenue bill will pass the House.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. McCORMACK. Yes.

Mr. CLARKE of New York. Why is not the proper procedure, just as we did in previous sessions, to have an emer-

gency tariff brought before us on a straight-out, square, and fair issue, instead of having it inserted in a revenue measure?

Mr. McCORMACK. I agree with the gentleman and I thank him for his observation.

We want to perform our duty. We want to try to pass a revenue bill. We want to do it for the purpose of driving out fear and instilling confidence, and the House of Representatives, in my opinion, is going to do its duty.

We are going to pass a bill which will balance the Budget in as fair a way as it is humanly possible under the circumstances. However, its success depends upon removing the tariff provisions relating to oil and coal from the bill. [Applause.]

Mr. HASTINGS. Mr. Chairman and gentlemen of the committee, from now on I am not going to allow these statements to go unchallenged. I had hoped that we would let pass the water that has gone over the wheel. I had hoped that when we returned to page 36 we would go on with this bill in an orderly way. That is what we ought to do.

Mr. CRISP. Will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. CRISP. May I earnestly join in that hope and request that we go back to page 36 of the bill and read the bill in an orderly way.

Mr. HASTINGS. If we can do that I am ready to stop now. We had our fight over this oil provision, and I challenge any man to a debate upon the merits of the question. It is as meritorious a provision as any in the bill anywhere. [Applause.] It is a revenue measure. I want to say to Members who keep continually attacking it that the oil provision is as defensible as any provision in the bill. [Applause.] I clearly showed, when the provision was under discussion, that it will bring \$43,000,000 of revenue to a depleted Treasury. It will help the unemployment situation as much as any other provision in the bill. It will help to relieve a prostrate industry. All of this fight against the so-called tariff or excise provision in this bill is in behalf of four of these big importers of oil from the South American field. [Applause.] I am here to fight for the independents and speak for the little producers in this country. I am fighting for increased revenue, both for my State and for the Nation.

I dislike to thrust myself continually into this debate. But I might as well serve notice now that if we are going to have to reargue this question fourteen times a day, we are ready for the fight.

Mr. BLANTON. Will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. BLANTON. And to show how little dependence we can put upon the position taken by our friend from Oregon [Mr. HAWLEY], who in the last Congress was the chairman of the Ways and Means Committee, it is enough to say that he preached to and lectured us on the necessity of balancing the Budget and for strict economy last Saturday and yet this afternoon came in and voted for a \$350,000,000 bill, which we killed by a vote of nearly 2 to 1, and which had it been passed would have made the balancing of the Budget absolutely impossible.

Mr. McGUGIN. Will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. McGUGIN. The gentleman from New York [Mr. O'CONNOR] a while ago said that if we should allow this oil provision to remain in the bill it would probably mean that the Democratic convention at Chicago would denounce the bill. I want to ask the gentleman this question: If he can think of anything the Democratic Party could do which would more completely result in its defeat in Texas and Oklahoma than to do that?

Mr. HASTINGS. I did not pay enough attention to the gentleman's question to be able to answer it, because I did not want to go beside the mark and be divided. However, I repeat that is a meritorious provision. It is one that will raise revenue; it is one that is in the interest of the laboring man and the farmer; it is one that is in the interest of the independent producers; and it is one that is against those

four big fellows who import oil from the South American field and who are attempting to control the legislation. [Applause.]

Mr. O'CONNOR. Mr. Chairman, unlike the gentleman from Oklahoma, I am going to keep both feet on the ground. I just want to reply to the request of the gentleman from Georgia that we cease talking about the tariff on oil and coal. Out of my loyalty to the Democratic Party, whose fate has been jeopardized in this House within the past two weeks, I do not propose to let what has been already said go as the last word on those two embargo provisions in this tax bill. I serve notice that you are going to hear about these two Republican promises until this tax bill is passed or defeated. [Applause.]

Some of us here still love our party. Some of us think our party should conduct the affairs of this Government. I would like to see some fighting in behalf of this tax bill. I would like to see people throw out their chests instead of throwing out their stomachs. This is no time to mince words when our party needs support. We are either Democrats or we are not. We are not Democrats if we vote for this bill with either one of those two provisions in it.

Mr. RANKIN. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. RANKIN. Instead of being a tax-raising bill these provisions will make it a bill to raise the price of coal and oil to the American people to the extent of anywhere from \$250,000,000 to \$500,000,000. It will penalize the American people, and I am ready for the fight, too.

Mr. O'CONNOR. The alleged tariffs on oil and coal will not raise any revenue at all, and their proponents know it. I can not conceive of the Democratic Party failing to denounce these two tariff provisions in the Democratic National Convention in June. I was not using loose words when I said that, because I sincerely hope the men who will attend that convention, if these two provisions are left in the bill, will go so far as to denounce this tax bill as undemocratic.

Mr. SCHAFER. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. SCHAFER. Is it not a fact that the two tariff provisions which were so largely supported by the Democrats are nearer an embargo than any provision in the Hawley-Smoot tariff bill, which the Democrats have denounced from this floor and throughout the country?

Mr. O'CONNOR. They are surely embargo measures. There is no question about that. I do not think they will stay in the bill, because I can not conceive of them staying in the bill when the Democrats recover their equilibrium.

Mr. HASTINGS. Then why is the gentleman so disturbed?

Mr. O'CONNOR. I am disturbed at the attitude and the harm already done to my party even by temporarily placing them in the bill, and I am discouraged at this ineffective and sometimes effeminate fight that is being made for the tax bill. Let us have a masculine defense of this bill. You can not pass legislation here by submitting to everything suggested or by mere expressions of good faith, love, and affection. Let us have some fight for the measure. If we must put up a fight, let us put up a real one or else take the bill back to the committee and let somebody else carry on the fight.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. MARTIN of Oregon. As a Democrat, if these provisions stay in the bill for coal and oil, I want some protection for my lumber in Oregon.

Mr. O'CONNOR. Of course, the gentleman does.

Mr. MARTIN of Oregon. And we propose to demand protection for our lumber.

Mr. O'CONNOR. That is just the trouble with tariff log-rolling. If Members were Representatives from their States as they really are instead of being merely Representatives of their States, we would have a unified national policy on tariff as well as taxation. If the theory of local interest only were carried to its logical conclusion, we would not

have a national government. The men in this House are elected Representatives from their States but at the same time as Representatives of the entire United States.

Mr. BOLAND. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. BOLAND. I want to tell the gentleman from New York that I did not go around the county of Lackawanna talking about the Smoot-Hawley tariff bill; but I am here, and I put on this amendment Saturday for the purpose of trying to protect the miners up there who are starving to death because of this foreign coal that is coming into this country.

Mr. O'CONNOR. The gentleman from Pennsylvania occupies a most unique position in the House. He was elected both as a Republican and a Democrat, but I was elected and every other Member on the Democratic side was elected as Democrats, and not one of you can not justify your vote for these two tariff provisions. If these items do stay in the bill, every real Democrat should vote against the entire bill.

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, we have had enough talk on this paragraph. I move that all debate on this paragraph and all amendments thereto close in 10 minutes.

Mr. DYER. Mr. Chairman, I offer as an amendment to that motion that debate close now.

The CHAIRMAN (Mr. McREYNOLDS). The question is on the motion of the gentleman from Georgia.

The motion was agreed to.

Mr. VINSON of Kentucky. Mr. Chairman, the gentleman from Missouri offered an amendment to that motion.

Mr. DYER. Mr. Chairman, I offered an amendment to the motion of the gentleman from Georgia that all debate close now.

The CHAIRMAN. The Chair did not hear the gentleman's motion.

Mr. DYER. I am trying to save the Democratic Party from itself.

The CHAIRMAN. The gentleman's remarks are not in order.

Mr. McKEOWN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, we hear a good deal of talk about men's Democracy. I challenge the gentleman from New York [Mr. O'CONNOR] on his Democracy. I am as good a Democrat as he is, and a better one. [Laughter and applause.] When Mr. Raskob wired, in the campaign of 1928, if I were willing to go along on the tariff views in order to help Mr. Smith, I wired him I would do it, and I did do it, although it cost me thousands of votes.

I am a Democrat. I went down to Houston to the convention and took the ticket that was not my choice, and I am looking in the face of Democrats here who took their ticket and went down the line, and some of them did not come back in 1928, and yet you stand here and challenge the Democracy of any of our States.

You may talk about the platform at Chicago, but I will tell you what I think will be in that platform. In my judgment there will be a plank in that platform indorsing the tariff on oil and on the natural products of this country. That is what I hope will be in the Chicago platform. [Applause.]

You say that your Democracy does not indorse a tariff. I did not read that in my book. [Laughter.] It was not in the platform I read. This is no time or place to display our Democracy; in fact, it is a mighty poor time to be talking about each other's Democracy in this House. [Laughter and applause.]

There is one thing I have always noticed, and that is that gentlemen from districts that have always gotten their tariffs heretofore were never very particular about the manner in which they got them. They would take them on a revenue bill or any other kind of bill if they could get the tariff, and now because they happen to wake up and find that a few western people have put something in the bill they can not keep quiet but still keep on coming here and talking about it.

We gave you a vote the other day that surprised you, and then you slandered us by saying that we had gone out and made some kind of trade. There is no body of men in this House that has ever learned to trade like some of the New England men. They long ago learned to logroll and trade on tariff provisions or on the things that they want protected.

Now, I want to say this, and this is my admonition to the Democrats. Let us go along here and write this bill and help these men get the best bill we can. We have expressed ourselves and have made known our own ideas. We have expressed them vehemently and sufficiently to satisfy our associates and the country as to our views on the revenue bill we want.

Mr. YON. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. YON. Does not the gentleman think we have talked enough about this subject, and after this bill is adopted in Committee of the Whole will there not be an opportunity to vote on these amendments?

Mr. McKEOWN. Mr. Chairman, I agree with the gentleman, but I have not thrust myself into this debate at all, and I would not have been here now except for the criticism of the merits of this oil excise tax. Not a bill nor a provision in a bill will pass this Congress that will put as many idle men to work as this oil excise tax; it will put 350,000 idle men to work.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I move to strike out all of the bill after the enacting clause.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. BLANTON. Mr. Chairman, I want to say to our friend from New York [Mr. O'CONNOR] that the only provision that affects oil in this bill was put in it by the almost unanimous consent of the Ways and Means Committee, the great majority of which were Democrats. My colleague corrects me and says the vote was 14 to 9 in the committee for the tax on oil, but the bill comes here without a minority report against it from either the Republican or Democratic side. That is the only provision in the bill affecting oil. Why was not there a minority report filed against it? There was a companion matter of equal importance to the country, affecting coal, that was put in from the floor. It was put in by the Democrats, helped by some good, well-meaning, well-intentioned Republicans of good judgment. [Laughter.] When did the gentleman from New York [Mr. O'CONNOR] begin writing a Democratic platform? In 1928. The only Democratic platform he helped to write was in 1928, down in my home State, in Houston, Tex., where I was born, and it went on the rocks. [Laughter.] He caused my strong Democratic district to go Republican, not for Hoover, particularly, but Republican against the kind of a platform that the gentleman from New York helped to write. He caused my Democratic district and my Democratic State and other Democratic States for the first time in history to go against Democracy and to vote for and help to elect President Hoover. When he has been writing Democratic platforms as long as the Democrats of my State have, he will write them more to conform to the wishes of the Democrats of the country, and not for just a few politicians living in New York.

Now, as my friend from New York—and I do like him as much as does anybody in the House [laughter]—if my friend calls this sales-tax fight effeminate, I wonder what he would say if he saw a man's fight some time. I never saw him make any fight on the floor that was not effeminate. [Laughter.] I want to tell the gentleman from New York that this oil provision in the bill is a revenue matter, and it is going to stay in this bill. It is undisputed here that the foreign importers of oil to this country have an advantage of \$1.03 per barrel over every American producer in the United States. And we are not going to permit this very reasonable revenue-producing tax against foreign oils to be knocked out of the bill.

I offered an amendment the other day reducing that advantage, and only giving them about 19 cents advantage. I offered the amendment raising the tax to 84 cents per barrel on foreign oils; but when the members of the committee said it would precipitate other tariff amendments, I saw the situation and bowed to the will of my leader, the gentleman from Georgia [Mr. CRISP], and notwithstanding I knew my amendment would have carried, I withdrew it. I withdrew it, knowing it would carry, because I wanted to conform to the wishes of the gentleman from Georgia [Mr. CRISP] to keep strictly tariff matters out of the bill. The little 42 cents a barrel will bring in a revenue of \$42,000,000 and will take away some of the big advantage that the Dutch Shell and other monopolies have in importing their foreign oils to America.

[Here the gavel fell.]

Mr. RANKIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. BLANTON. Mr. Chairman, I ask leave to withdraw my amendment.

Mr. CROSS and Mr. RANKIN objected.

The CHAIRMAN. Under the motion of the gentleman from Georgia [Mr. CRISP] the time was limited to 10 minutes. All time has expired.

Mr. RANKIN. But, Mr. Chairman, this is a different amendment.

The CHAIRMAN. All time has expired under the motion, and the Clerk will read.

The Clerk read as follows:

SECTION 41. GENERAL RULE

The net income shall be computed upon the basis of the taxpayer's annual accounting period (fiscal year or calendar year, as the case may be) in accordance with the method of accounting regularly employed in keeping the books of such taxpayer; but, if no such method of accounting has been so employed, or if the method employed does not clearly reflect the income, the computation shall be made in accordance with such method as in the opinion of the commissioner does clearly reflect the income. If the taxpayer's annual accounting period is other than a fiscal year as defined in section 48, or if the taxpayer has no annual accounting period or does not keep books, the net income shall be computed on the basis of the calendar year. (For use of inventories, see sec. 22 (c).)

Mr. RANKIN. Mr. Chairman, I am one who opposed the tariff on oil, and I am going to do everything humanly and honorably possible to get it out of this bill.

The gentleman from Texas [Mr. BLANTON] talks about the Ways and Means Committee being unanimous on this proposition. Let me tell some things that happened in the Ways and Means Committee. There were at least four members of that committee who were opposed to this tariff, and those who favored it, or somebody in the Ways and Means Committee, said, "It will get us 40 votes for the sales tax in the House if we will just put it in here."

In the first place, it has no place in a tax bill. This is a bill to raise revenue. This provision is to raise the price of oil and its products to the American people, and the lowest estimate I have heard on its cost to the American people is \$250,000,000. In order to gratify a few people who have an interest in oil wells or in oil itself, should I vote a tax of \$4,000,000 a year upon the people of my State? No. The truth of the business is, this is just as vicious as any tariff provision ever written into a bill, and it is written into the wrong bill.

If you are going to pass a tariff bill, bring in a tariff bill. I have never voted for a tariff bill, and I did not sign the Raskob telegram in 1928 either, because it was not in conformity with the fundamental principles of the party I am affiliated with, and I was not willing to go with any man who was temporarily in control into the maelstrom of a high protective tariff system.

These two provisions were put in here inadvertently. Men have come to me who walked through that line the other day and said, "We did not realize what we were doing." All this stirring up of this fight against New England, all this row that took place—New England, Kansas, and Oklahoma spitting fire at each other about tariffs—

misled some men. The gentleman from Maine [Mr. NELSON], who sits before me, knows that he and I never have voted together on a tariff proposition, but I have nothing against him, and certainly would not be prejudiced enough against any section of the country to allow myself to be swept off my feet and stick something in a tax bill that would be absolutely foreign to it—a high protective tariff provision—in order to penalize the American people so that some people or a few interests might reap a profit.

The coal amendment is in the same category. Neither one should ever have gone into the bill. So far as I am personally concerned, I am going to do everything in my power to strike those two provisions out. If you want a tariff on oil, go to the Ways and Means Committee and have that committee report a tariff bill, and let them bring it in here; but do not come here and destroy the tax bill, whereby we are trying to get together and raise revenue for the country, by injecting into it high protective provisions that at least a vast majority of the men on my side of the aisle are opposed to.

Mr. CRISP. Mr. Chairman, may I not make an earnest appeal to the membership of the House to cooperate in passing this bill? Word has just been brought to me that stocks and other securities in New York are dropping. They dropped last week. It is imperative for the welfare of this country that this House of Representatives determine what it is going to do in trying to balance the Budget. We must stop this acrimonious discussion among ourselves. We have discussed oil, we have discussed almost every subject under the sun since the bill came into the House. I have tried to be patient, I have tried to be liberal in debate, and if this House will stand by me, I shall move to close debate on these amendments. I have not done it before because I knew the House was not with me. In the utmost good faith and sincerity, with a desire to do that which is best for our common country, I appeal to you, my colleagues, to restrain yourselves and let us not continue to discuss time and again, time and again, things that have all been discussed, and that the House will have an opportunity to vote upon.

To simply give the facts, the gentleman from Texas [Mr. BLANTON] is in error when he says that the Ways and Means Committee was unanimous in its support of oil. A number of members of that committee opposed it. But this is a composite bill. Members of that committee, both Democratic and Republican, sat around the board and the bill was the joint product of all of them. The bill was reported out of committee unanimously after it was concluded.

I do not care to say anything more, I do not care to say anything that will bring about an acrimonious discussion. If you love your country, gentlemen, you can show it by refraining from speech making and passing a bill that will balance the Budget.

The Clerk read as follows:

(b) SALES OF REALTY AND CASUAL SALES OF PERSONALTY.—In the case (1) of a casual sale or other casual disposition of personal property (other than property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year), for a price exceeding \$1,000, or (2) of a sale or other disposition of real property, if in either case the initial payments do not exceed 40 per cent of the selling price, the income may, under regulations prescribed by the commissioner with the approval of the Secretary, be returned on the basis and in the manner above prescribed in this section. As used in this section, the term "initial payments" means the payments received in cash or property other than evidences of indebtedness of the purchaser during the taxable period in which the sale or other disposition is made.

Mr. CANNON. Mr. Chairman, I heartily agree with my friend from Georgia [Mr. CRISP] in his desire to expedite the legitimate disposition of this bill.

But, Mr. Chairman, its enactment ought not to be expedited at the expense of adequate consideration. The gentleman says he is just in receipt of information that stocks and bonds are dropping on the New York market. Why are they dropping? They are dropping because of just such bills as that we have before us; because of the enactment of just such legislation as is proposed in the paragraph now under debate. And if this provision to place a tariff on oil and coal becomes a law, they will drop still more.

According to no less an authority than the Department of Agriculture, as reported in its agricultural situation, one of the determining causes for the low price of agricultural products is the tariff. And when farm prices decline and the buying power of the farmer is curtailed, the price of everything else must inevitably fall with them.

No one has a higher regard than I have for the gentleman from Texas [Mr. BLANTON] and the gentleman from Oklahoma [Mr. McKEOWN], who have just spoken. I am always glad to cooperate with them. But I can not agree with them on injecting oppressive tariffs into this revenue bill.

To place a prohibitive tariff on oil and coal would be a radical departure from the traditions of the Democratic Party. One that can not be justified or condoned. One that adds to the cost of living and places an added burden on those least able to bear it. Furthermore, by such a proposal you are corroborating and substantiating the criticism that has been made repeatedly in the press and on the floor of this House that there are those who are willing to sacrifice the interest of party and country in order to secure advantages for a favored industry or special favors for a particular district. They propose to tax the people of the entire country in order to increase the profits of a few; they propose to increase the costs of production in every other industry for the purpose of increasing dividends of their own pampered industry.

What will be the effect of these two tariffs here sought to be fastened on the country? I will tell you. In the first place, the farmers of the Nation will have to pay more to run their tractors. You are proposing to increase the price of oil and gas when farmers in every State are already having difficulty in financing the operating cost of their tractors and other power machinery. Do you know that the majority of the loans made to farmers by the Government under the credit legislation you have been passing to finance crops are for the purchase of oil and gas? They can patch up their old tractors themselves, but it requires cash to purchase fuel and lubricants. Oil is the crying need on the farm to-day, and yet you now propose to add to its cost and to increase the farmer's cost of production when he is receiving the lowest comparative price for his products ever received by the farmer since Columbus discovered America.

And you propose to put a tariff on coal and increase the cost of the fuel of the poor. The man who buys a bushel of coal at a time will have to pay more for the basket of coal he must have to keep his family from freezing and prepare their frugal meals. And this to enable the coal barons to declare larger dividends.

Mr. Chairman, it is an invitation to every other industry to come in here and ask for similar advantages. And why should they not? If we give these gentlemen a tariff to increase the price of coal and oil, why should we not give every other section of the country a tariff on its particular product? Why should we not grant a tariff on lumber, copper, cotton substitutes, bananas, chemicals, and every other product that enters into the cost of the necessities of life?

There was never a more inappropriate or inopportune time in our economic history to propose to levy tariffs on basic commodities and further weight the costs of production. The country is in the midst of an unparalleled depression, the end of which can not be foretold. We are exhausting every resource in order to get back to normal times. The effect of these tariffs is to retard recovery, to stop the farmer's plow and thresher in the field, and to bank down the fires in the homes of the unemployed. Why? In order that owners of oil wells in Texas and Oklahoma may enjoy larger profits. It is a proposal to confer special privileges by law on the few at the expense of the many; to favor one industry by penalizing every other industry; and it has no place in a revenue bill or in any other bill passed by a Democratic House.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. CANNON. I yield to my friend from Kentucky.

Mr. VINSON of Kentucky. The gentleman is one of the great parliamentarians of the House and one of the great parliamentarians of this country. I would like the gentleman to inform us what we can do until this bill is finished and we get back into the House?

Mr. CANNON. We can express ourselves upon it. [Laughter.] We can indicate the temper of the House and the temper of the country. We can give notice, and we are now giving notice, that when the time comes to vote in the House we are going to strike this economic and political monstrosity from the bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. SCHAFER. Mr. Chairman, I move to strike out the word "disposition" in line 7, page 39.

The CHAIRMAN. Page 39 has not yet been reached.

Mr. SCHAFER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, we have been told by the distinguished acting chairman of the Ways and Means Committee that the House should cease discussing these political questions. I want to call to his attention and to the attention of the Democratic Party and the people of the country that what our colleague, the gentleman from New York [Mr. O'Connor] has stated with reference to the Democratic Party losing ground is correct. You have lost so much ground since you have had control of this House that you will never make it up by the time that the next election rolls around. Why? You have denounced President Hoover and the Republican Party on account of the protective features of the Hawley-Smoot tariff bill, and you rode many Democrats into congressional seats in the regular and special election contests on that issue alone. You claimed that practically all of the depression, unemployment, and suffering of the world are the result of President Hoover and his Hawley-Smoot tariff bill, and you promised the people that if the Democrats were put in charge of the Government that they would wave the magic wand and put our country and the rest of the world on its feet.

My friends, when your expensive, extravagant Democratic administration, which drove this country into the World War, went into power, we had a national debt of approximately \$1,000,000,000. On August 31, 1919, under your Democratic administration, our national debt reached the highest peak in the history of our Nation, the staggering sum of \$26,596,000,000. Somebody must pay the interest on that debt and sinking fund. Somebody must pay for the care of the World War veterans, their widows, orphans, and dependents. Over \$2,000,000,000 of the present Treasury deficit is the direct result of the last Democratic administration.

The Democratic national campaign committee and your Democratic orators are condemning President Hoover and the Republican Party for the deficit, although almost the entire deficit is traceable to the interest and sinking-fund payments on the national debt resulting from the Democratic administration and to the amounts properly expended to take care of the veterans of the war of the Democratic Party, and their widows, orphans, and dependents.

In the State of Wisconsin demagogic orators who are now running for office on the Democratic ticket, as well as many running on the Republican ticket who supported Democratic candidates in 1928, are now engaged upon a campaign denouncing President Hoover as the author and sponsor of the sales tax. The Ways and Means Committee, composed with a large Democratic majority, is responsible for that iniquitous proposition. Notwithstanding this absolute fact, we find Raskob and the Democratic leaders, as well as their left-wing Republican bedfellows in the 1928 campaign, claiming this Democratic sales-tax baby to be the child of President Hoover and the Republican Party.

You Democrats have control of the House of Representatives, in which body, under the Constitution, revenue and tariff bills must originate. If the alleged iniquitous Hawley-Smoot bill was so terrible and resulted in the present catastrophe confronting this Nation and other nations of the

world, why have you not passed legislation to repeal or amend it? Why, since you have control of the Ways and Means Committee and control of the House of Representatives, have you not passed or even reported to the House a bill to cure the ills which you have claimed to have resulted from the Hawley-Smoot bill?

In the past you have denounced the iniquity of the measure. I particularly remember your vitriolic attacks on Andrew Mellon and the tariff on aluminum.

Yet your Democratic majority in the Ways and Means Committee has not up to this moment reported legislation to the House which would reduce any tariff rate now in the law; not even to reduce by as much as one-half of 1 per cent the tariff burden on aluminum pants buttons which you have bitterly denounced in the past. Although you have control of the House of Representatives, the body in which, under the Constitution, tariff legislation must originate, you have not reported or passed one piece of legislation to reduce one of the Hawley-Smoot Republican tariff rates. On the other hand, you reported and passed legislation which practically provides for an embargo on oil and coal at the behest of Democratic Congressmen and Democratic leaders. You can go through the entire Hawley-Smoot tariff bill, which your political demagogues have been denouncing, and can not point to any one particular tariff rate which comes anywhere near an embargo such as the Democratic tariff proposed by Democratic Members and supported by Democratic leaders of the House and voted into the pending revenue bill.

Mr. BLANTON. Will the gentleman yield?

Mr. SCHAFER. I regret that I can not yield now. My time is almost up and I can not get any more.

So, my Democratic brethren, as far as making ground to carry the next election, I believe the gentleman from New York has given you good advice. You have been tried and found wanting. The people can be guided by what you have done when you have had control of the House of Representatives, in which body, under the Constitution, revenue and tariff legislation must originate. They can, without any difficulty, reach a conclusion as to how the country would go to the dogs if they would send a Democrat to the White House and have a Democratic majority on the other side of the Capitol as well as in the House. [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. RAINEY. Mr. Chairman, I move that all debate on this paragraph do now close.

The motion was agreed to.

The CHAIRMAN (Mr. BANKHEAD). In view of the situation pending before the committee the Chair feels justified in calling to the attention of the members of the committee the rules under which we are proceeding. It is in order on any amendment to have five minutes of discussion for the amendment and five minutes of discussion against it, which closes debate under the rules of the House. The Clerk will read.

The Clerk read as follows:

(a) Requirement: The following individuals shall each make under oath a return stating specifically the items of his gross income and the deductions and credits allowed under this title—

(1) Every individual having a net income for the taxable year of \$1,000 or over, if single, or if married and not living with husband or wife;

(2) Every individual having a net income for the taxable year of \$2,500 or over, if married and living with husband or wife; and

(3) Every individual having a gross income for the taxable year of \$5,000 or over, regardless of the amount of his net income.

Mr. PATMAN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: Page 44, line 11, after the period add the following: "Except the following persons shall not be required to file returns and shall not be required to pay income taxes (a) a single person, or if married and not living with husband and wife, whose gross income for the taxable year does not exceed \$1,500, and (b) a married person, and living with husband

or wife, whose gross income for the taxable year does not exceed \$3,500."

Mr. CRISP. Mr. Chairman, I make a point of order against the amendment on the ground that the committee has already passed upon it. It is res adjudicata, because in a previous part of the bill the exemptions were fixed at \$1,000 for a single person and \$2,500 for married persons. I have no objection to my friend making a speech, but I am constrained to make that point of order.

Mr. PATMAN. Mr. Chairman, I want to be heard on the point of order. I do not believe the point of order is well taken for this reason: Section 3 of section 51 provides that where an individual has a gross income for the taxable year of \$5,000 or over he shall, in all cases, make an income-tax return. My amendment provides that no individual shall be required to make an income-tax return who is single and whose gross income is \$1,500 or less, or if married who has a gross income of \$3,500 a year or less. In other words, it is creating a legal presumption that where a single person has an annual gross income of only \$1,500 that his net income does not amount to anything and is not taxable. It creates a legal presumption that a married man who is living with his wife and whose gross earnings amount to only \$3,500 has sufficient deductions to eliminate the net income and, therefore, has nothing taxable. It will save 2,700,000 people from making income-tax returns. The amount that will be received by the Government if the law is enacted as proposed by the committee will be only \$12,000,000 a year. In other words, the Government will get about \$4.44, on the average, from the 2,700,000 individuals whom it brings within the terms of the bill.

The CHAIRMAN. The Chair suggests to the gentleman that he would like to hear the gentleman on the matter involved in the point of order.

Mr. CRISP. Will my friend permit me to give him a thought which I think he should have in mind in answering the point of order. The gentleman's amendment provides that those with incomes shall not be required to pay taxes. The part of the bill we have already passed provides that they shall pay taxes. It is well established by the rules of this House that if any part of an amendment is obnoxious to a point of order then the whole amendment falls. I wanted to give the gentleman the benefit of that suggestion.

Mr. PATMAN. I added that part of my amendment which is in ink after talking with the chairman of the committee a while ago. Mr. Chairman, I ask unanimous consent to eliminate that part from my amendment, and then it will read that no person shall be required to make an income-tax return who is single and whose gross income is \$1,500 or less, or a married person whose gross annual income is less than \$3,500.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas to modify his amendment?

There was no objection.

The CHAIRMAN. The Clerk will report the portion of the amendment to be eliminated.

The Clerk read as follows:

"And shall not be required to pay income taxes," so that the amendment as modified will read:

"Except the following persons shall not be required to file returns (a) a single person, or, if married and not living with husband and wife, whose gross income for the taxable year does not exceed \$1,500, and (b) a married person, and living with husband or wife, whose gross income for the taxable year does not exceed \$3,500."

Mr. PATMAN. Mr. Chairman, I would now like to be heard on the amendment.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. PATMAN. Mr. Chairman, the amendment as proposed by the committee will bring within the terms of the present income tax law 2,700,000 additional income-tax payers. If my amendment is adopted it will save 2,700,000 people in the United States from the trouble and expense of filing income-tax returns.

My theory is that the amount of money the Government will receive by bringing within the law this large number of

taxpayers is entirely too small to put that number of taxpayers to the trouble and expense to which this law would put them. It would only average \$4.44 per taxpayer if you brought them within the law, and it takes an expert to file an income-tax return. They must obtain the services of some one who knows how to file an income-tax return. In order to do this, 2,700,000 people must pay for the benefit of expert services and then, when once filed, the amount of tax is so small they can not afford to litigate over it. They can not dispute with the Bureau of Internal Revenue or with the Secretary of the Treasury. In order that you may know that it does require an expert to file an income-tax return, I respectfully invite your attention to the fact that over a period of 8 years, from 1921 to 1928, inclusive, the Secretary of the Treasury, who, I presume, had the benefit of experts in filing his income-tax return, out of the 8 years that the Secretary of the Treasury himself filed such income-tax returns 7, of those years he made mistakes; in 4 of those years he obtained refunds later from the Government by reason of his mistakes he made, and in 3 of those years he was later charged by the Government and paid an additional sum for the mistakes he made. So there is the Secretary of the Treasury, who really has charge of this income tax law, who out of eight years, in seven years made mistakes in his income-tax returns. Now, if the Secretary of the Treasury can not file an income-tax return properly, with the aid of all the best experts in the Nation, certainly you should not require these 2,700,000 people who do not have the benefit of the assistance of experts to file an income-tax return. The added expense to them will probably amount to more than the amount of the tax received by the Government.

Mr. GIFFORD. Will the gentleman yield for a question?

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes, although I realize my time has not expired.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. I yield to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Because a single person now having a net income of \$1,000 has to make a return, I can hardly see the point of the gentleman's amendment with respect to a \$1,500 gross income, and I want to ask the gentleman if he is really serious in offering this amendment or if he just wanted to tell the story about the Secretary of the Treasury.

Mr. PATMAN. The story was absolutely incidental. I have had all the time I wanted before a committee to talk about the Secretary of the Treasury holding office in violation of the law, and that was not my object at all. I just wanted to point out this case because it is on all fours with the point I am attempting to make.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. JOHNSON of Washington. If this large number of people, 2,700,000, are to be required to pay income taxes on small incomes, is it not possible, either in this body or in the other body, to devise a plan for a single sheet of paper on which to make the return, with one affidavit, where the person with such incomes receives it from one source?

Mr. PATMAN. But there is no effort made in this bill to so simplify income-tax returns, and we must presume this bill will pass in the same condition it is in now with regard to that matter.

Mr. JOHNSON of Washington. I want to say, if I may in the gentleman's time, that I have paid an income tax ever since the first income tax law, and I know my return has never been correct, although it has been made with the aid of the experts down here in the Sergeant at Arms' office; and even this year it is wrong, because I forgot to take exemptions to which I was entitled.

Mr. PATMAN. And if the gentleman, with the aid of experts, can not properly prepare an income-tax return, how can we expect these 2,700,000 people who will just pay on the average \$4.44 to properly prepare an income-tax return,

and let it be said that this is a class that pays the major portion of all the local taxes. They pay every kind of tax on earth, not a tax on what they own, but more often a tax on what they owe. This is the class most of whom buy homes, and on a \$5,000 home they will make a \$1,000 payment, and then they do not pay local taxes on that \$5,000 home as though they had only paid \$1,000 on that home, but they are required to pay local taxes as though they owned a \$5,000 home, which results in paying taxes not on what they own but a tax on what they owe, and something should certainly be done for them in this bill, in view of the fact the Government would get only \$12,000,000 by forcing these 2,700,000 people to file income-tax returns which will average \$4.44 to the Government.

Mr. O'CONNOR. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. O'CONNOR. Is not the practical effect of the gentleman's amendment to leave the exemptions as they are, \$1,500 for a single person and \$3,500 for a married person, because if you do not file any return you do not pay any tax?

Mr. PATMAN. It is creating a legal presumption, I will say to the gentleman from New York, that a single man who only earns a gross income of \$1,500 has sufficient deductions to enable him to eliminate any net income and thereby not have to pay any tax.

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, I hope this amendment will not be adopted. The bill, as it stands to-day, places a maximum surtax, plus the normal tax, of 72 per cent on the citizens with large income, and surely the lower end of the income-tax brackets should be extended so as to broaden the base and require more of the citizens to contribute to this financial emergency of our Government.

Mr. PATMAN. Will the gentleman yield for one question?

Mr. CRISP. Yes.

Mr. PATMAN. I presume the chairman of the committee will admit that my figures are correct—that this will require 2,700,000 additional people to make income-tax returns, and that the amount received by the Government will be \$12,000,000. I received these figures from Mr. Beaman, who is sitting by the gentleman's side, and I presume they are correct.

Mr. CRISP. They are partially correct. I think the number of additional returns is correct. I think the amount of money that will come in is about \$12,000,000, but this lowering of the exemption runs all the way through the higher rates, including the richest man in the United States.

Mr. PATMAN. The gentleman from Georgia is clearly mistaken; the amendment provides that no return shall be filed.

Mr. CRISP. I did not interrupt my friend when he was speaking.

Mr. PATMAN. But the gentleman is clearly mistaken.

Mr. CRISP. I am not mistaken. It is the gentleman from Texas who is mistaken. It runs all the way through the bill, and it will bring in \$39,000,000. The gentleman from New York [Mr. O'CONNOR] is absolutely correct. If these persons do not make a return, there is no way of collecting the tax on the lower incomes, and the effect is to continue the exemptions just as they are to-day. Now, where a single man with \$2,000 net income is given an exemption of \$1,000, and pays a tax of only \$15 or \$16, surely he is not burdened by an income tax.

Now, my friend had much to say, and I agree with him about the complications of making an income-tax return. The tax returns are complicated in the surtax class, but they are not complicated when you have an income under \$5,000. There is a simple blank which anyone can fill in. I admit that I could not, without difficulty, fill in a blank if I were in the surtax class, but that is not involved here. I do not believe that this tax is burdensome, and I hope the amendment will be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN].

The question was taken; and on a division (demanded by Mr. DYER) there were 6 ayes and 94 noes.

So the amendment was rejected.

Mr. GIFFORD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 43, line 24, after the word "oath," insert "or under penalty of perjury on net income less than \$5,000."

Mr. GIFFORD. Mr. Chairman, I offer that amendment simply because in the experience of my State of Massachusetts, which has an income tax, there was found that small returns could be made simply under the penalty of perjury and so recited in the return. It prevents the bother and trouble of going before a notary public, when sometimes it is difficult to find one and sometimes the charge is excessive. It simply removes one of the unnecessary annoyances.

Mr. CRISP. Will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. CRISP. Has not Massachusetts some special law that would cover the situation? I am asking for information. It was just so stated to me.

Mr. DYER. Yes; they do.

Mr. GIFFORD. Mr. Chairman, there may be some special act in Massachusetts. Even so, what of it? Why can we not make this a law or regulation for the Federal Government and sign simply under penalty of perjury and save this added nuisance?

Mr. CRISP. The gentleman's suggestion might be well in Massachusetts, if they have a law there covering it, but the Federal Government has no way of covering the matter, and under this act those making an income-tax return to the United States Government throughout the States are required to make oath to their return.

Mr. GIFFORD. The law would still be that all over \$5,000 would have to make oath. I tried to offer this in order to save annoyance to the small taxpayer.

Mr. CRISP. Why should not a man with an income under \$5,000 make oath to his return as well as a man with an income over \$5,000?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was rejected.

The Clerk read as follows:

(b) Husband and wife: If a husband and wife living together have an aggregate net income for the taxable year of \$2,500 or over, or an aggregate gross income for such year of \$5,000 or over—

- (1) Each shall make such a return, or
- (2) The income of each shall be included in a single joint return, in which case the tax shall be computed on the aggregate income.

Mr. JOHNSON of Washington. Mr. Chairman, I move to strike out the last word for the purpose of making a brief statement. I had occasion to say a moment ago in the time of the gentleman from Texas [Mr. PATMAN] that I doubted if I had ever been able with the aid of the experts sent to the National Capital from the Baltimore internal revenue collector's office to get my income-tax report correct. The tax I have paid each year is modest, and I have made every possible effort to have it letter correct. That is hard to do, if one has anything different from a fixed income from one source, or unless an individual literally keeps books on himself. For years past I have talked with many citizens who are employed at salaries above \$5,000 up to about \$8,000 and whose income is nearly fixed, although the deductions are not. I refer to newspaper editors, artists, railroad passenger and freight agents, district insurance managers, and others in business at fixed salaries which are considered good in these days. I have talked to many lawyers, dentists, and doctors in the little cities and the larger towns who know that their income over bad debts is \$6,000 or \$7,000, and they have all complained about the income-tax-return rigmarole.

Now, Mr. Chairman, I have long thought that an alternative plan could be devised, by which the taxpayer could

pay a flat rate without deductions and receive a small bonus for so doing, or he could elect to take the exemptions and send in his report on the big 6-page sheet.

On the short plan, the taxpayer would certify that his whole income was primarily from one source—salary—that he had taken in no boarders, rented no rooms, sold no property, suffered no stock-market or other losses. He would certify that his income was between \$5,000 and \$6,000 or between \$6,000 and \$7,000 or between \$7,000 and \$8,000, and he could thereupon be proportionately assessed, provided he relieved himself of the exemptions for dependents. In other words, an alternative plan. The taxpayer could elect which plan he would use.

It should be that a man who knew his whole income for one year was entirely from one source, was \$8,000, could select the average amount between \$8,000 and \$7,000—which would be \$7,500—and sign a 1-sheet affidavit and be relieved of the exemptions for dependents and pay the rate on \$7,500. He could be given a small deduction for using the simple plan, provided he waived all exemptions. This plan could be easily brought down to the new low brackets in this bill, which will cause Federal income taxes to be paid by some 2,700,000 citizens who have not paid to Uncle Sam before. I give them a chance on a single sheet and give them a chance to make an honest affidavit which they will know to be absolutely correct.

As the gentleman from Georgia [Mr. CRISP] has said, the Treasury Department some years ago devised a simplified blank for those under \$5,000. It is simpler than the full report but, nevertheless, it is hard for a great many.

Mr. Chairman, I do not want to see this bill recommitted because of the time that would be lost, but I am inclined to think it might well be recommitted before separate votes are demanded on everything that has been placed in the bill the past few days, and if it is recommitted this alternative plan of reporting incomes under \$8,000 might well be studied, the tax experts of the Treasury Department might look into it now.

Let them consider the great saving to the Federal Government by the simple alternative plan. Save money, cut red tape.

I went before the Committee on Ways and Means quite a number of years ago with the whole plan outlined, showing how it balanced almost exactly as an equitable tax on those with a single source of income, or with but one or two side items of income, and several minor exemptions. Members of the committee frowned on the plan then on the ground that the present plan had become set, and that the public would soon become used to it. Well, the public is not on to all of the quirks of a major income-tax blank yet, and here come more than 2,000,000 new taxpayers.

I hope that serious attention may be drawn to the matter, so that later either in our own Ways and Means Committee or in another body a plan will be offered to simplify a return blank for those having incomes under \$8,000 or under \$10,000.

Mr. BOYLAN. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Washington. Yes; certainly.

Mr. BOYLAN. Would the gentleman make any provision at all for deductions?

Mr. JOHNSON of Washington. The deduction would be on the percentage plan. If a man waived exemptions, he would pay a lower average tax, provided his income is not above \$8,000, so that the \$500 average allowance would equalize the situation, and he would be relieved of the necessity of claiming any exemptions. Of course, the taxpayer could elect to use either plan.

Mr. BOYLAN. The gentleman would give him a bonus if he waived exemptions?

Mr. JOHNSON of Washington. Yes; a small bonus, and that simplifies the case to the Federal Government again.

Mr. BOYLAN. Where would the taxpayer get off?

Mr. JOHNSON of Washington. The taxpayer who might pay \$40 if he did not waive deductions might pay probably \$41 or \$42 if he waived deductions and would do it on a single affidavit. It would be worth \$1 to him to know that he was honestly making his report and that it was correct.

Besides, he would not have to employ lawyers who do not want this work for those paying that small sum.

Mr. BOYLAN. According to the gentleman's plan he would pay 10 per cent more.

Mr. JOHNSON of Washington. Not necessarily. He could go one bracket higher and play safe in his affidavit and save time and lawyers' fees.

Mr. BOYLAN. He would be compelled to pay more out.

Mr. JOHNSON of Washington. In my opinion he would not pay one-twentieth of 1 per cent extra, and he would be relieved of what he now pays out in the way of burning extra electric light and the hiring of lawyers.

Mr. BOYLAN. But look at the practice he is getting in mental arithmetic and bookkeeping.

Mr. JOHNSON of Washington. Oh, I know the gentleman is the greatest humorist in the House. He is a so-called wet leader, but his humor is extremely dry but always effective, as many of us have found out, and he is one of the real workers of Congress, always on the job. I wish he would look into the plan in detail. We can make it effective some day between now and the final enactment of this bill into law, some time late this summer. [Applause.]

Mr. HERR. Mr. Chairman, I rise in opposition to the pro forma amendment. May I ask the chairman of the committee as to whether or not this takes into consideration the community property laws in different States?

Mr. CRISP. They are not changed at all under the bill as reported. The community laws of the different States are not changed.

The Clerk read as follows:

(a) Requirement: Every corporation subject to taxation under this title shall make a return, stating specifically the items of its gross income and the deductions and credits allowed by this title. The return shall be sworn to by the president, vice president, or other principal officer, and by the treasurer or assistant treasurer. In cases where receivers, trustees in bankruptcy, or assignees are operating the property or business of corporations, such receivers, trustees, or assignees shall make returns for such corporations in the same manner and form as corporations are required to make returns. Any tax due on the basis of such returns made by receivers, trustees, or assignees shall be collected in the same manner as if collected from the corporations of whose business or property they have custody and control.

Mr. GIFFORD. Mr. Chairman, I move to strike out the last word.

I realize that it would be futile to offer an amendment to this section but would remind the House that all corporation officers, no matter how small the corporation, must make a return under oath from carefully prepared and exact bookkeeping. A simple affidavit should often be all that is necessary.

Officers of those corporations have many annoying experiences, by being forced by Government officials to keep elaborate sets of books. Take any eleemosynary institution, for example, and my own experience on one occasion. I attempted to help a soldier who had controlled and acted as manager and treasurer of a small corporation and been away for three years during the war. We endeavored to make up a return from the disordered books but were forced by the Government to go so thoroughly through several years' activities of this company, which was not organized to make money, that it cost us several hundred dollars. In such a case a simple affidavit by the treasurer should have been sufficient.

There are thousands of small corporations losing money all the time, which are now forced to have accountants and bookkeepers and then are finally obliged to make oath to the faithful and accurate bookkeeping. This is a material and unnecessary cost. The individual does not have to make any return unless he has a net income of a thousand dollars. Why should a corporation be treated differently? Why is it necessary for a corporation to go through such an elaborate performance when only losses are apparent? Some relief should be granted here, but I fully realize that it would be useless to offer an amendment which would allow such small corporations to make simple affidavits as to their losses.

However, I just wanted to bring to the attention of the House that this is another of those nuisances which make the income tax so exceedingly unpopular. I may say to the

gentleman from Washington that the other day I placed in the Record a statement to the effect that it costs the taxpayers of this country \$400,000,000 a year to make their returns. This also indicates that this is a most questionable method of securing revenue.

The pro forma amendment was withdrawn.

The Clerk read as follows:

(b) Consolidated returns: For provision as to consolidated returns of affiliated corporations, see section 141.

Mr. PATMAN offered an amendment, which the Clerk read, as follows:

Page 45, line 19, after the word "returns," add the following: "No affiliated groups of corporations, subject to the provisions of the internal revenue act, shall have the privilege of making a consolidated return."

Mr. CRISP. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. CRISP. I would like to say to the gentleman from Texas that the subcommittee now considering a substitute plan for the manufacturers' sales tax title, which was eliminated, is seriously considering bringing in some amendment dealing with these affiliated and consolidated returns. Therefore I ask unanimous consent, Mr. Chairman, that we pass over, with the gentleman's amendment pending, the consolidated-returns provisions of this bill until the Ways and Means Committee brings in its amendment. Nobody's rights are deprived thereby.

The CHAIRMAN. Does the gentleman include section 141, on page 108 of the bill, in his request?

Mr. CRISP. Yes.

Mr. PATMAN. Mr. Chairman, I have no objection to the request made by the gentleman from Georgia.

The CHAIRMAN. Without objection, the request of the gentleman from Georgia is granted.

There was no objection.

The Clerk read as follows:

SEC. 55. PUBLICITY OF RETURNS

Returns made under this title shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under Title II of the revenue act of 1926.

Mr. LA GUARDIA offered an amendment, which the Clerk reported, as follows:

Amendment offered by Mr. LA GUARDIA: Page 47, line 18, strike out all of section 55 and insert in lieu thereof:

"SEC. 55. PUBLICITY OF RETURNS

"(a) Returns upon which the tax has been determined by the commissioner shall constitute public records; but they shall be open to inspection only upon order of the President and under rules and regulations prescribed by the Secretary and approved by the President: *Provided*, That the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, or a special committee of the Senate or House shall have the right to call on the Secretary of the Treasury for, and it shall be his duty to furnish, any data of any character contained in or shown by the returns, or any of them, that may be required by the committee; and any such committee shall have the right, acting directly as a committee, or by and through such examiners or agents as it may designate or appoint, to inspect all or any of the returns at such times and in such manner as it may determine; and any relevant or useful information thus obtained may be submitted by the committee obtaining it to the Senate or the House, or to both the Senate and House, as the case may be: *Provided further*, That the proper officers of any State may, upon the request of the governor thereof, have access to the returns of any corporation, or to an abstract thereof showing the name and income of the corporation, at such times and in such manner as the Secretary may prescribe: *Provided further*, That all bona fide shareholders of record owning 1 per cent or more of the outstanding stock of any corporation shall, upon making request of the commissioner, be allowed to examine the annual income returns of such corporation and of its subsidiaries. Any shareholder who pursuant to the provisions of this section is allowed to examine the return of any corporation, and who makes known in any manner whatever not provided by law the amount or source of income, profits, losses, expenditures, or any particular thereof set forth or disclosed in any such return, shall be guilty of a misdemeanor and be punished by a fine not exceeding \$1,000 or by imprisonment not exceeding one year, or both.

"(b) The commissioner shall as soon as practicable in each year cause to be prepared and made available to public inspection in such manner as he may determine, in the office of the collector in each internal-revenue district and in such other places as he may

determine, lists containing the name and the post-office address of each person making an income-tax return in such district, together with the amount of the income tax paid by such person."

Mr. CRISP. Will the gentleman kindly state the changes he proposes?

Mr. LA GUARDIA. None of this amendment is new or original. It is all taken from previous acts, particularly the act of 1924, which lasted but one short year and then was repealed. In substance, my first long paragraph, I think, is the law now.

Mr. CRISP. The gentleman has not included the right of any joint committee to get these returns?

Mr. LA GUARDIA. I believe that is fully covered.

Mr. CRISP. That was put in the 1926 law, I think, so that the gentleman is narrowing it so far as the joint committee is concerned.

Mr. LA GUARDIA. That can be taken care of by a committee amendment. The real meat of my proposed amendment is paragraph (b), which was very wholesome as long as it lasted. Paragraph (b) simply makes public the names and addresses of taxpayers under this law, as well as the amount they pay. In other words, it is the same as the law in every State as to taxes on real property and in many States on income taxes.

After quite a struggle in this House we did enact this section (b) in the act of 1924. It was very wholesome. It was so wholesome that very influential interests got together and had this provision with reference to publicity repealed in the subsequent act.

I want to refer to the splendid fight that was waged on the floor of this House by the now distinguished majority leader, the gentleman from Illinois [Mr. RAINEY]. In that fight, if I remember correctly, he was supported by the present distinguished Speaker of the House, the gentleman from Texas [Mr. GARNER]. There was strong opposition to the publicity provision from the Republican side of the House. The Ways and Means Committee at the time was under the control of the Republicans. They brought in an amendment repealing the publicity provision after one short year of trial. The Democrats opposed the repeal.

I offer it at this time because we have had experience with the publicity provision and know that it is necessary. It is productive of revenue, and there is no sound reason that may be urged against it.

Some one may suggest, without reading the amendment and not being familiar with the law, that it would make possible access to a man's private business. It does not. There are no details made public. Only certain authorities can have access to the details of the returns. All this does is to make public the names of the taxpayers and the amount of the taxes they pay under this law.

Mr. BACON. Will the gentleman yield?

Mr. LA GUARDIA. Yes.

Mr. BACON. It will at least open up all these lists to every panhandler, advertising agency, and competitor of a man in his business.

Mr. LA GUARDIA. The lists are to be made public the same as every other tax record is public. Can the gentleman mention taxes in any State that are not a matter of public record? I believe these lists should be a matter of public record, as was the case under the law of 1924. There is nothing novel about it. It has been under discussion for a great many years. It has been resisted for a long time.

I want to recall to the committee the fight that was put up against it. I do not know but what the gentleman from Georgia resisted its repeal. I know there was quite a fight waged on the floor of this House at the time, and if I am not mistaken the repeal was carried by practically a party vote.

I submit that we have learned from experience the benefit of having this publicity provision in the law. There is no reason why it should not be there. I repeat, it does not expose a man's business to the scrutiny of his competitors, as was suggested by my colleague from New York [Mr. BACON].

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I move to strike out the last word of the LaGuardia amendment. I am in hearty agreement with the gentleman from New York and I hope his amendment will be agreed to.

I remember the fight we had in 1924 on this proposition, a very bitter fight. The amendment was opposed on the floor of this House, but at that time we got it through. I remember the fight we had when it was repealed. If I remember correctly, as the gentleman from New York said, the Speaker of this House and the gentleman from Illinois [Mr. RAINEY] made a hard fight to keep it in the law at that time.

I do not see any great dangers, as suggested by the gentleman from New York [Mr. BACON], in regard to panhandlers and the competitors of these concerns. If it were a question of their being able to go in and get all the details of a man's business, I would be inclined to agree with the gentleman; but it seems to me that anything which would shed a little light for the benefit of the American people on the amounts which are paid into the Treasury of the United States, without going into the details, certainly can not do any harm but will give the people an opportunity to determine just where the concentration of wealth in the United States is.

Mr. BACON. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. BACON. I have no objection to making all that information public to any committee of the House or Senate.

Mr. CONNERY. Why not the American people?

Mr. BACON. Because it will simply result in a great deal of abuse. People will go in and get lists of everybody who pays any income taxes at all and sell them to charities, fake charities, panhandlers, advertising agencies, and so on.

Mr. CONNERY. As the gentleman from New York [Mr. LaGuardia] has said, every State has these records and they are open to panhandlers and organizations and that has not led to any harm.

Mr. BACON. But they do not publish them.

Mr. COCHRAN of Missouri. As the gentleman from New York has said, the Bureau of Internal Revenue annually submits to the Congress a list of those who receive refunds and the amounts of such refunds and they are published in the papers.

Mr. BACON. And they should be published.

Mr. COCHRAN of Missouri. That is published every year.

Mr. BACON. I have no objection to Congress finding out all such information with respect to a man's return.

Mr. COCHRAN of Missouri. Why should the representatives of the Government have the information and the public generally not have it?

Mr. BACON. I want to protect the individual from being pestered.

Mr. CONNERY. I have always believed, even though the rules of the House and the rules of the committees have taken an opposite view, that there should not be such a thing, for instance, as executive sessions in committee. There is a lot of work done behind closed doors about which the American people are entitled to have some knowledge. I have never believed in casting a vote on this floor or saying anything in committee which would not be open to the people. And right along that line I do not see any objection to the people getting all the knowledge about these returns to which they are entitled.

Mr. PEAVER. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. PEAVER. May I say to the gentleman that we have in our State of Wisconsin an income tax law that was adopted in 1911, with full publicity; and while bitterly contested at the time of its adoption, there is not a particle of opposition to the law in our State to-day. [Applause.]

Mr. CONNERY. And I think we should have the same thing here.

Mr. MILLARD. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. MILLARD. Does not the gentleman think that a matter of such moment should have been taken up in the Ways and Means Committee?

Mr. CONNERY. It has been fully discussed on the floor of this House time and time again and on two different tax bills, and once it was put on the bill and then later taken out of the bill after a bitter fight.

I think the committee should adopt the LaGuardia amendment.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I would not have risen, and probably I do so futilely, but I am astounded that there is no opposition to this amendment from the Ways and Means Committee. I do not know any subject that is more familiar to this House than the subject of publicity of income-tax returns. It was tried for one year and was then repealed, and I never imagined it would be advocated again by anybody in any Congress.

The reasons for its repeal were well known at the time. It had served as an instrument, not only for the blackmailers and the preys on people of means, but it had violated a fundamental principle of America—that there is left some privacy in a man's affairs. That is the big question involved here.

I am not arguing for the man who files a big income-tax return any more than for the little fellow. What business is it of anybody in this country what a man earns, except the Government, for the purpose of collecting taxes? Why should anybody have to disclose his earnings to the world? If you disclose just what a man pays in income taxes, it is easy to compute what he has earned. Is there any privacy left in this country?

Where are the Ways and Means Committee members? Surely, if they did not incorporate this publicity provision in the bill, they can not possibly now approve of it. The subject must have been somewhere in the back of their minds. What are we coming to when, again, we revive a nuisance like this? The gentleman from New York [Mr. LaGuardia] is incorrect when he says it was taken out of the law by a partisan vote. Scores of men on this side of the House, including myself, voted to take it out, after a year's trial.

Mr. LaGuardia. The gentleman is quite right. The gentleman did vote that way.

Mr. O'CONNOR. It had offended all the rights and all the privileges of American citizens when their strictly private affairs were exposed to the public. It is a late hour now to revive a pernicious law like this which was denounced universally throughout the United States. I therefore now call on the members of the Ways and Means Committee to defend this bill against such an additional assault and to stand up for their bill and not further ruin it or further cause its defeat in this body or in another body. [Applause.]

Mr. BLAND. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. BLAND. Was it not shown at that time that such publicity worked to the detriment of some small interests or small businesses?

Mr. O'CONNOR. Surely, it did. The suggestion that you do not disclose in detail the way a man conducts his business is just an evasion of the fundamental question involved. Once you show what a man makes or what he pays in taxes, I repeat, it is easy to compute his earnings; and it is nobody's business, except the Government's, how much money he makes or how much he pays in income taxes. Immediately, when his competitors find out how much money he makes, then every panhandler in America, every soliciting organization in America, every relief organization in America, every organization looking for a hand-out, even his relatives, are after him, and they know how far they can go with him. I submit it is no fairer to the man with a return of a \$10 tax than it is to the man with a \$10,000,000 income.

Mr. BACON. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. BACON. As a matter of fact, a man making a small income who has disclosed what he is making may have his credit seriously hurt.

Mr. O'CONNOR. Surely. The only theory that would justify this publicity provision is that it would aid the Gov-

ernment in preventing evasion of taxes. That is the only possible theory. There is no proof that one year of publicity with respect to income-tax returns helped the Government in catching the evaders of taxes. The opposite was demonstrated, and this obnoxious provision was repealed.

Mr. CONNERY. Would the gentleman be in favor of New York State and all other States repealing their law?

Mr. O'CONNOR. I can not let a false impression prevail here. New York does not publish the amount of taxes paid on income-tax returns.

Mr. LaGUARDIA. It does on real estate.

Mr. O'CONNOR. On real estate, yes; but these taxes are assessed against the property and not in the name of the individual. I am talking about income-tax returns, and the day will never come when the great State of New York will give publicity to its income-tax returns.

Mr. LAMBETH. I want to say to the gentleman that the State of North Carolina has never published income-tax returns or amounts.

Mr. O'CONNOR. And I am confident never will.

Mr. HAWLEY. Mr. Chairman, I rise in opposition to the amendment. We have adopted an income-tax system in this country whereby we obtain revenue for Federal purposes. We have no intention of embarrassing business by it, and therefore we do not wish to interfere with business but to make the income-tax returns as profitable to the Government as possible.

In the case of real property there is no question involved as to whether anyone knows how much tax you pay. Everyone knows you pay a certain rate on an assessed valuation, but Government income tax involves the very life of business in many instances. For instance, here is a corporation or a partnership of individuals supposed to be making a considerable amount of money, and the inference is that they should pay a large tax. But in the latter part of the taxable year they suffer reverses, resulting in deductions from their gross income. The amount of income reported fairly and justly is much less than those who follow the course these businesses had anticipated, and consequently the first cry will be from competitors that the corporation is evading taxes. Consequently the credit of the corporation will be attacked. Moreover, it will hurt the credit of the corporation with the banks.

Mr. BACON. And the same might be true of the individual.

Mr. HAWLEY. Yes; I include the individual with the corporation. We have had this provision for one year. It worked unsatisfactorily. In addition to the things that have been said against it, and which I indorse, an immense amount of detail is necessary to the preparation of the returns. Since the lack of background and information about the several corporations or individuals who pay the tax would cause the public generally to draw incorrect conclusions, such publicity would result in unintended injury. They know nothing of what the business conditions were or what the operations were during the year, and it would be unfair and unjust to these individuals and corporations who are doing an honorable business.

Mr. BLACK. Will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. BLACK. Does the gentleman recall what the Treasury Department had to say about the publicity measure when it was repealed?

Mr. HAWLEY. No; I do not know.

Mr. LaGUARDIA. Mr. Mellon had a lot to say about it.

Mr. BLANTON. Anybody could wire to the district of the gentleman from Oregon and get the amount of tax that he pays on his real estate and on his personal-property tax and his school taxes, but no information can be obtained about his Federal income taxes.

Mr. HAWLEY. You do not have to wire; you can come to me, and I will show what it is.

Mr. BLANTON. If that is true, why is it not proper to have information about Federal returns?

Mr. HAWLEY. To continue the remarks that I was making a moment ago, we are now passing on to the people of

the United States a tremendous burden of taxation, out of a clear sky, as it were, from \$184,000,000 surplus to \$903,000,000 deficit in a year. It is a credit crisis for the institutions that will bear the burden that Congress is putting upon them. Now, to come in with this kind of an amendment, which will, under the circumstances, impair their credit, when we are more than doubling the demand, seems to me unjust, unfair, and unwise.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. PATMAN: Amend the LaGuardia amendment by inserting at the end of said amendment the following:

"Provided, That when an application for a refund, credit, or abatement is made, the income-tax return upon which such application is made shall become subject to examination by a Member of Congress."

Mr. PATMAN. Mr. Chairman, it occurs to me that when one makes an application for a refund, credit, or abatement of his income tax that he has paid, the application and the return upon which it is based should be open to public inspection; but I do not believe the House would approve an amendment like that. However, I do believe it is reasonable, and the House should seriously consider adopting an amendment that would permit any Member of Congress, a representative of the people elected by the people, to look after the people's business, to examine that application and the tax returns upon which the application is based. There should not be any objection to that. I invite your attention to the fact that during the last 3,000 days our Federal Government has remitted to the taxpayers of this Nation three thousand millions of dollars, on an average of a million dollars a day, in tax refunds, credits, and abatements. A total of \$3,000,000,000—more than enough to cover the deficit.

No one can examine those returns. It is true that if the refund amounts to as much as \$75,000, a joint committee has the right to pass on the income-tax returns and the applications for refunds, credits, and abatements; but if the amount is less than that, no one has a right to go into those income-tax returns for the purpose of determining whether or not the refund was made in the manner and form required by law, unless, of course, there is some litigation that causes it to go to the Board of Tax Appeals.

I invite further attention to the fact that the city of Chicago has had a secret tax system. An interesting article was written about that secret tax system not long since. The writer of the article warned the American people not to keep their assessments secret. That should apply not only to the city of Chicago but to every State, county, and municipal government, and the Federal Government as well. Here is what happened in Chicago. It was discovered in an investigation that one man would be paying \$5 taxes on his home, while the man next door would be paying \$50 taxes on a home that had the same value, and the one next to him was paying \$500 on a similar home. The reason why the man who was paying \$5 on that valuation was because of a political pull that he had and the secrecy of the returns, and it is my understanding that as a result of those fraudulent returns which resulted by reason of a secret tax system, all assessments were declared void. To-day Chicago is very much in the red and trace it back and it all comes from a secret, tax system. Certainly there should be some way that representatives of the people should have the right to examine a tax return when the one who filed that return is making application for public funds to be returned to him. I urge the committee to seriously consider this amendment. [Applause.]

Mr. CRISP. Mr. Chairman, I hope neither one of these amendments will be adopted. I can see no useful purpose to be subserved by making public the amount of the tax the taxpayer pays. I proceed upon the presumption that the Government officials are honorable and honest, and that they will perform their duty. I think the only one who has any concern in an individual taxpayer's return is the Government, to see that the full amount of taxes due by the

taxpayer is collected. I can see how publishing the amount might satisfy the curiosity of some of the taxpayer's neighbors, and it opens the matter for his enemies to try to make all sorts of difficulties for him. I can not see any good in making the matter public. Under the law to-day the Committee on Ways and Means and the Finance Committee of the Senate, the two legislative bodies representing the Congress, have the right to examine these returns. Also, under the law which my friend from Texas referred to, where a tax return is over \$75,000, the whole income-tax returns of the taxpayer are subject to scrutiny by the Joint Committee on Internal Revenue Taxation, and that committee has a staff of experts who review them. For the last seven years the Speaker of this House has been on that joint committee, and the chairman of the Committee on Ways and Means and the two ranking majority Members are on it. That is true of the Senate. Five members of the Senate Committee on Finance are on that committee. I can assure you that the staff of that joint committee, headed by Mr. PARKER, are honest and capable and that they go into all of those returns and submit them to this joint committee.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. PATMAN. It is my understanding that when one concern made application for a refund the application was not passed on, and each year they would make additional applications. Finally one refund was made, and when that refund was authorized and made the Bureau of Internal Revenue turned the case over to the joint committee, and in doing so it furnished the joint committee with six truckloads of papers in connection with that case. If that is true, does the gentleman think it is possible for that joint committee to officially pass on such returns and refunds in cases like that?

Mr. CRISP. I am sure the gentleman refers to the case of the United States Steel Corporation. I answer the gentleman frankly, that no committee is going to consider six carloads of documents, and I am equally confident that no Member of Congress would do it either. [Laughter.]

Mr. LA GUARDIA. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. LA GUARDIA. I know I followed along with some of the ablest men in this House in opposition to the repeal of the provision I am offering. Have conditions so changed that support of this policy of publicity has been abandoned?

Mr. CRISP. I know the House is divided as to what is the wisest thing to do in this case, and I accord to each Member sincerity of purpose and desire to serve our country. My own view upon it is that no useful public purpose will be subserved by publishing the amount of the returns. I grant you it would satisfy the curiosity of some of our neighbors and friends.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SCHAFER. Mr. Chairman, I ask unanimous consent that the gentleman from Georgia be allowed to proceed for two additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. SCHAFER. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. SCHAFER. Would not the publishing of the amounts paid in taxes under this bill and the names of the taxpayers serve some useful purpose? For instance, if there was published the names and amount of tax paid by Capone and the other racketeers under the brewers' wort-tax provisions, would not material assistance be given to the law-enforcement agencies of this Government?

Mr. CRISP. I do not think so.

Mr. SCHAFER. I believe it would.

Mr. KVALE. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. KVALE. I would like to ask the gentleman if this feature was considered in committee?

Mr. CRISP. It was not.

Mr. KVALE. Is it not true that when this was last considered in 1926 the gentlemen who were members of the Ways and Means Committee upon the chairman's side of the aisle were, to a large degree, favorable to the then existing statute, which we are to-day attempting to reenact?

Mr. CRISP. I do not have sufficient information to answer the gentleman. I do not know.

Mr. KVALE. Mr. Chairman, if I could secure recognition, which I can not at the moment, I would like to state that there is ample evidence in the RECORD of the debates at that time, and to cite from it.

Mr. CRISP. That is much more satisfactory than any recollection I might have.

Mr. HADLEY. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. HADLEY. Is it not a fact that the present law, passed in 1926, is a compromise between the two schools of thought, one for no publicity and one for vexatious and unnecessary publicity, and that that trial, under the act of 1926, has been so satisfactory that the Ways and Means Committee has had no protests, no appearance has been made upon hearing, and no demand made for this amendment or any similar amendment?

Mr. CRISP. The gentleman's statement is correct.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the gentleman from Georgia be allowed to proceed for two additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. PATMAN. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. PATMAN. May I suggest to the gentleman that in the case of the United States Steel Co., they delivered six truckloads of papers, and it is true the committee could not look over those papers in the allotted time. Neither could a Member of Congress; but if there had been a law which provided that the minute an application was filed it would permit a Member of Congress to look into the case, possibly this case would have been looked into many years before the final refund was granted.

Mr. CRISP. That is possible. But under the law then either the Ways and Means Committee of the House or the Finance Committee of the Senate, the committees which deal with internal-revenue taxation, had the right to review it.

Mr. GIFFORD. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. GIFFORD. Would the gentleman regard it as a good definition of his word "curiosity," when I tell him that the morning after the law was in effect relating to publicity of tax returns, in my State of Massachusetts the first ones whom the newspapers carried in their columns were 16 Congressmen from Massachusetts.

Mr. CRISP. I am willing to have them examine my returns.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Wisconsin [Mr. PEAVEY] has said that we have this law in effect in Wisconsin and that there has not been any protest whatsoever against it. I call the gentleman's attention and the attention of the House to the fact that only recently the private affairs, the private income of every taxpayer in Wisconsin was featured in the public press, to the humiliation of those taxpayers great and small. This amendment does not affect me, because we have this "snooping" amendment into our private affairs in the State of Wisconsin, and I suppose that character of "snooping" will continue for years and years, as long as the present administration is in control of the affairs of that State. But I am calling upon you to rise up here and protest against this "snooping" amendment,

especially at this time. It has only one purpose, and that is to increase discontent against those who fortunately have some little income. The gentleman from New York cites the instance that real-estate taxes and personal-property taxes are public. They are not public, not listed as to total amounts paid by an individual in my State nor in any other State, but a "snooper," a sniper may go and collect them. They may collect the amount of taxes for personal property and for real-estate taxes that any one person pays by going through the entire tax rolls if their curiosity impels them to that extreme.

Now, I have heard the prune-box orators on the streets of Detroit call upon the unemployed to rise up en masse and confiscate the fortunes and wealth of those who have estates. That was within the last six months, and within a month they marched out to the gates of Dearborn in the guise of trying to bring relief to the unemployed, with the obvious purpose to tear down the pillars of our Government. If there was ever a time when we should hold our senses and not add fuel to the flames of discontent, to those who are alien to the sentiments of our civilization, it is now. [Applause.] The very purpose of this amendment is to stir up sedition, to arouse discontent against existing order. Of what other avail will it be? That is the purpose, the covert purpose of this amendment, and I hope it is voted down. [Applause.]

Mr. BLACK. Mr. Chairman, I rise in opposition to the pro forma amendment.

This bill may add no money to the Public Treasury. It may not help balance the Budget, but it is certainly going to add to the vocabulary, and may balance the vocabulary.

I predict that the gentleman from Wisconsin will never be known for the many points of order he makes, but surely, after to-day, he is going to get eternal fame for coining the word "snooper." [Laughter.]

This bill, instead of being called an act for raising revenue, should be called an act for raising hell, and the amendment offered by my distinguished friend from New York [Mr. LA GUARDIA] is certainly accommodating in that respect.

I think a proper amendment, along the line of publicity, would be an amendment to the effect that the collector of internal revenue post the names of the people in his community who do not pay any taxes. If taxation without representation is tyranny, what is representation without taxation?

For the last two or three weeks in the House we have had squawking and squealing from various parts of the country because at last the Congress had a plan by which some people who never pay any taxes might be called upon to pay a modicum of taxes, and that proposition was defeated.

In addition to making the people who pay taxes pay their taxes we now insist on this publicity. We all know about the unanimous wave of protest that rose all over the country when the newspapers featured the prominent people of the community who happened to be in a position to pay income taxes. The protest was almost universal throughout this land.

You have bedeviled this bill in as many ways as possible. You have done everything you could to keep the country from approving this tax bill—the Democrats by troubles among themselves, the Republicans by sitting back and jeering, and the White House by being silent. This kind of an amendment to the administrative feature of the bill is just another step in the direction of not passing any tax bill in the near future.

I do not believe this amendment—not in the interest of the United States Government, not in the interest of the American taxpayers, but in the interest of the great curiosity bloc—should pass. [Applause.]

Mr. CRISP. Mr. Chairman, I move that all debate on this amendment and amendments thereto close in five minutes.

The motion was agreed to.

Mr. OLIVER of New York. Mr. Chairman and gentlemen, I believe this amendment instead of turning on the light will merely turn on the keyhole. [Laughter and ap-

plause.] The trouble about it is that our Government has gone into the spying and snooping business too much as it is. May I correct the word used by the gentleman from Wisconsin?

Mr. STAFFORD. That is the word I intended to use. I know the gentleman knew the word I intended to use.

Mr. OLIVER of New York. I knew that. When the provision was passed placing a tax of 65 per cent on incomes of \$5,000,000 I felt heartbroken. I felt like the old lady who sat near the fireplace when a brick fell down the chimney. She wept. Neighbors came in and asked her why she cried. She said, "Well, if I had a daughter and that daughter had a child, and that poor little baby was sitting in the chimney place where that brick fell down the brick might have killed it." [Laughter.] Of course, I will never have an income affected by that unfair tax. Now, when they want to publish what I have got I am moved to real tears. I am moved to tears for all my friends mourning over the remains of golden days.

When the publication took place years ago nobody knew what losses a man had; nobody knew what credits he had; nobody knew in what kind of business enterprises his investments were made; and yet because he was known as a man who made, for instance, \$25,000 he was looked upon as an absolute thief if he had not reported an income to the Government of \$25,000. Could anything be more unfair?

We are dealing with one of the most intricate, complex, and technical things in the world when we are dealing with the income tax. We are not dealing with an appraisal of a piece of real estate made by public authorities and published in public books, but we are dealing with the most private thing a man has. A man and his wife may report joint income taxes. How do we know but what the lady might have lost something and it was deducted from her husband's income? Must we invite all America to cross-examine her? Must we spy and snipe and snoop into the private affairs of our people? This Government is invading private business and invading the homes, and the way to stop it from invading the privacy of a man's credit and the privacy of his business is by defeating an amendment such as this. [Applause.]

The CHAIRMAN. The question is on the amendment to the amendment offered by the gentleman from Texas.

The amendment to the amendment was rejected.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from New York [Mr. LA GUARDIA].

The question was taken; and on a division (demanded by Mr. STAFFORD) there were—ayes 18, noes 123.

So the amendment was rejected.

The Clerk read as follows:

(a) Time of payment: The total amount of tax imposed by this title shall be paid on the 15th day of March following the close of the calendar year, or, if the return should be made on the basis of a fiscal year, then on the 15th day of the third month following the close of the fiscal year.

Mr. LA GUARDIA. Mr. Chairman, I move to strike out the last word.

I can readily understand the nervousness of certain gentlemen when even remote mention is made about public scrutiny of the records of the incomes of public officials. We have had many instances of the value of income-tax publicity.

In my city at this time the people are receiving a very liberal education about the necessity of publicity on incomes. I am not surprised at that opposition at all, but I am surprised at some of my Republican Members from New York State joining in this kissing party with their colleagues from Tammany Hall.

Mr. BOYLAN. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. BOYLAN. I would like to know if, under the rules, post mortems are allowed. The gentleman's amendment was defeated and I do not think time should be consumed in holding a post mortem.

The CHAIRMAN. What is the gentleman's point of order?

Mr. BOYLAN. My point of order is that it is against the rules of the House to deliver post mortems.

Mr. BLANTON. Mr. Chairman, you can only make a proper diagnosis, sometimes, by a post mortem.

The CHAIRMAN. The point of order is overruled. The gentleman from New York will proceed in order.

Mr. LA GUARDIA. Mr. Chairman, I am talking about the close of the fiscal year, and the close of the year is going to come very soon for certain people.

Why, not even in the days of the absolute power of Andrew Mellon were such statements made as were made to-day in opposition to a provision in our revenue law which every Member of the House should know is absolutely necessary. I was quite surprised to see the distinguished floor leader of the majority party, from whom I learned all about the necessity of tax publicity, vote in opposition to this amendment. I sat here as a young Member listening to the gentleman from Illinois [Mr. RAINEY], to the gentleman from Texas [Mr. GARNER], and to other distinguished members of the Ways and Means Committee on the Democratic side urging the necessity for such return publicity.

Oh, gentlemen, this fight on publicity is not over—not by any means. I am confident that before this bill leaves the Capitol there will be a proper publicity provision in the law, because it is necessary.

So much was said, Mr. Chairman, about the corporation or the individual that has no credit and has no income. Is it the purpose of the law to help misinformation and misstatements on a financial statement? What argument is that? Is it the purpose of the law to help evasion of the law? Every one of us will remember that following the act of 1924 we had the greatest number of returns, and accurate returns, because of the publicity provision. It was so wholesome that one of the most powerful lobbies, which the gentleman from Illinois at the time described here on the floor of the House, was busy until Congress repealed it. I am quite sure it was almost a party vote. I voted to retain the publicity provision and against its repeal. Perhaps my colleague from New York [Mr. O'CONNOR] did vote to eliminate it; I would not be surprised if he did. In the days of Boss Tweed, of New York fame, Mr. Chairman, when our taxes on realty in New York were secret, conditions became so rotten as to create national scandal. It resulted in a change in our law in New York State, and such records are now public. There is real necessity for a publicity provision in all tax laws.

In the days of Tweed one of the chief sources of the many sources of graft was from evasion of taxes by owners of property through favoritism in assessments.

[Here the gavel fell.]

Mr. LA GUARDIA. Mr. Chairman, I ask unanimous consent to proceed for two more minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LA GUARDIA. And after an investigation was had, first, a private investigation by the property owners themselves—the House will recall history—and then by the legislature, there was established the system we have now where all tax records are public.

I submit that this provision was tried but one short year, and it was so effective, as stated by the gentleman from Illinois [Mr. RAINEY] at the time, as to bring down here this powerful lobby and cause its repeal. I am confident, before long there will be a publicity provision written into the law.

Mr. BOYLAN. Mr. Chairman, I believe that if we are going to make any headway with this bill, we ought to proceed, and the only way to proceed is to proceed. If every Member who proposes an amendment, after the amendment has been discussed, debated, and a vote taken on it, is dissatisfied with the vote of the House, is going to deliver a post mortem on why his amendment was lost, is going to lecture the House as to why they voted a certain way, I do not think we are going to make much headway with the bill.

I believe in a full discussion. I respect every man's opinion, and I would like him to have respect for mine. But there must be an end somewhere. If, after a proper debate, after intelligent discussion, the House takes a vote on a proposition, to my mind that orderly procedure should settle the matter.

Mr. LA GUARDIA. I think the gentleman is right.

Mr. BOYLAN. Then, why get up and deliver such a sad speech, because you lost your amendment? You had a fair discussion, you received the verdict of the House; why not take it like a sportsman, why get up and squeal and holler, when struck by the harpoon? [Laughter.] Of course, the gentleman can not win all the time. Even the greatest leader has to meet temporary reverses. [Laughter.]

I find in life that we should be satisfied to achieve the mean average of things. The gentleman can not sit in the sun all the time; he has to be in the shade and the shadow occasionally. Last week the gentleman was basking in the sun, but to-day it fails to shine on him. [Laughter.]

Why not strike an average? Say 50-50. The gentleman is better off than 50 to-day. [Laughter.] Why doth he protest so vehemently when victory fails to perch on his banner. [Laughter.]

Of course, if the gentleman won all the time, the House would be lopsided. [Laughter.] I am sure the gentleman does not want that to happen, because the gentleman—and I have known him for many years, and I respect him—I know he would be the most disappointed man in the world if everything always went on quietly and peacefully. [Laughter.] It is not in his nature, and I respect him for it. If the gentleman presents a proposition and fortune fails to smile on him, why not smile it off and be good-natured and try again? Mr. Chairman, I merely make this interpolation in order to expedite the passage of this bill. [Laughter and applause.]

The Clerk read as follows:

As soon as practicable after the return is filed the commissioner shall examine it and shall determine the correct amount of the tax.

Mr. PALMISANO. Mr. Chairman, I move to strike out the last two words. Mr. Chairman, I rise to call the attention of the chairman and the members of the Ways and Means Committee, and especially the Democratic members, to a matter, in view of the statement of the gentleman from Georgia, that they are going to consider the question of striking out section 141, page 108, line 19, in regard to consolidated returns.

I want to call attention to the fact that in the Seventieth Congress our able Speaker at that time offered an amendment, when the control of the House was in the hands of Republicans, and the Democratic minority, assisted by a number of Republicans, voted to strike this section out, and the Speaker at that time contended it would save \$24,000,000. I trust that the members of the Committee on Ways and Means will go back and refer to page 601 of the Record of the Seventieth Congress, first session, and they will see for themselves the argument made at that time. On page 605 of that Record will be found the vote by tellers, and it was agreed to. It was finally put back by the Senate. I hope that the Committee on Ways and Means will consider and strike that out.

Mr. CRISP. The committee is giving that attention.

Mr. RAINEY. Mr. Chairman, a few days ago, when in committee the surtaxes were increased to 72 per cent on the larger incomes, I stated to the committee that I would undertake to compile data as to the income taxes in various States and what the combined income taxes of the State imposing an income tax and the Federal income tax would mean. At my request, Mr. Parker, chief of staff of the Joint Committee on Internal Revenue Taxation, has made that compilation. There are 28 States which have income taxes in some form. In a majority of the States the maximum rate is not high, but the tax has a broad base and reaches down to single persons with net incomes of about \$1,000 and married people with a net income of about \$2,000. In a majority of the cases the rate of taxes is about 5 per cent

on net incomes of over \$15,000. If a man lives in one of these States, which Mr. Parker calls average States, and happens to have an income of over \$5,000,000, he will pay 77 cents in income taxes out of every dollar that he makes, leaving him only 23 cents out of his earned dollar. The highest tax is in Wisconsin, and if a man living in the State of Wisconsin is fortunate enough to have an income of over \$5,000,000, he will pay a maximum tax of 72 cents on the dollar to the Federal Government and 15 cents to the State of Wisconsin, making a grand total income tax of 87 cents on the dollar. I ask unanimous consent to print this data in the RECORD so that Members of the House may study it and consider it, because when the bill comes back into the House I am going to ask for a separate vote on that amendment to see whether the House really wants it or not.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to insert the matter referred to in the RECORD. Is there objection?

There was no objection.

The matter referred to is as follows:

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON INTERNAL REVENUE TAXATION,
Washington, March 22, 1932.

Hon. HENRY T. RAINEY,

House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: In accordance with the request from your office in regard to State income taxes and the maximum burden which would result from these taxes in conjunction with the surtax amendment agreed to by the Committee of the Whole House, the following information is submitted:

Twenty-eight States have income taxes of some form, and therefore the citizens of over one-half of the States have to pay income taxes not only to the Federal Government but also to the State governments.

In the majority of the States the maximum rate of tax is fairly low, but the tax has a broad base, reaching down to single persons with net income of about \$1,000 and to married persons with net income of about \$2,000. It is roughly estimated that in the majority of cases the maximum rate of tax is about 5 per cent on net incomes of over \$15,000.

If a man lives in one of these average States and happens to have an income over \$5,000,000, he will pay 77 cents in income tax out of every dollar he makes in excess of that amount, leaving him only 23 cents out of his earned dollar.

There is attached hereto a résumé of the individual income-tax rates in 20 States, these being all we could secure in the time available. The following comments are supported by the data given in this résumé:

If a man living in the State of Wisconsin is fortunate enough to have an income of over \$5,000,000, he will pay a maximum tax of 72 cents on the dollar to the Federal Government and 15 cents to Wisconsin, making a grand total income tax of 87 cents on the dollar.

A man with a similar income in New York, Illinois, Massachusetts, North Carolina, and North Dakota will pay a maximum tax of 72 cents on the dollar to the Federal Government and 6 cents on the dollar to the States, making a grand total of 78 cents on the dollar.

In the case of Arkansas, Georgia, Oklahoma, and South Carolina, the maximum combined rate of tax will be 77 cents on the dollar.

In view of the financial difficulties facing the States, it would not be surprising if the income-tax rates in the various States were substantially increased in the near future.

Trusting the above will meet your requirements,

Very respectfully,

L. H. PARKER, *Chief of Staff.*

State income taxes

ARKANSAS

Rates: First \$3,000, 1 per cent; second \$3,000, 2 per cent; next \$5,000, 3 per cent; next \$14,000, 4 per cent; balance, 5 per cent.
Exemptions: Single person, \$1,500; married person, \$2,500; for dependents, \$400.

DELAWARE

Rates: First \$3,000, 1 per cent; next \$7,000, 2 per cent; balance, 3 per cent (governor, on advice of tax commissioner, may rebate such part as may be deemed safe for finances of State.)
Exemptions: Single person, \$1,000; married person, \$2,000; for dependents, \$200.

GEORGIA

Rates: First \$5,000, 1 per cent; second \$5,000, 2 per cent; third \$5,000, 3 per cent; fourth \$5,000, 4 per cent; balance, 5 per cent.
Exemptions: Single person, \$1,500; married person, \$3,500; widow or widower with minor children, \$3,500; for dependents, \$400.

IDAHO

Rates: First \$2,000, 1 per cent; second \$2,000, 2 per cent; third \$2,000, 3 per cent; balance, 4 per cent.
Exemptions: Single person, \$1,000; married person, \$2,500; for dependents, \$300.

ILLINOIS

Rates: First \$1,000, 1 per cent; next \$3,000, 2 per cent; next \$5,000, 3 per cent; next \$7,000, 4 per cent; next \$9,000, 5 per cent; balance, 6 per cent.
Exemptions: Single person, \$1,000; married person, \$2,500; for dependents, \$300.

MASSACHUSETTS

Rates: (1) Income from annuities, professions, employments, trades, or businesses, 1½ per cent; (2) net gains from dealings in tangible personal property, 3 per cent; (3) income from interest and dividends, 6 per cent.

Exemptions: In the case of professions, employments, trades, or businesses, \$2,000; in the case of interest, dividends, or annuities (if total income from all sources does not exceed \$1,000, but not allowed to any married person if combined incomes of husband and wife exceed \$1,500), \$1,000.

MISSISSIPPI

Rates: First \$2,000, 2½ per cent; next \$3,000, 3½ per cent; next \$10,000, 4½ per cent; balance, 5½ per cent.
Exemptions: Single person, \$1,500; married person, \$3,500; for dependents, \$400.

MISSOURI

Rates: First half 1931, 1 per cent. Thereafter: First \$1,000, 1 per cent; second \$1,000, 1½ per cent; third \$1,000, 2 per cent; next \$2,000, 2½ per cent; next \$2,000, 3 per cent; next \$2,000, 3½ per cent; balance, 4 per cent.
Exemptions: Single person, \$1,000; married person, \$2,000; for dependents, \$200.

NEW HAMPSHIRE

Average rate on other property except polls, saving deposits, and property specially taxed. (For 1931, 2.9 per cent on \$100.)
Exemptions: \$200.

NEW YORK

Rates: First \$10,000, 2 per cent; next \$40,000, 4 per cent; balance, 6 per cent.
Exemptions: Single person, \$2,500; married person, \$4,000; for dependents, \$400.

NORTH CAROLINA

Rates: First \$2,000, 2 per cent; second \$2,000, 3 per cent; third \$2,000, 4 per cent; fourth \$2,000, 5 per cent; fifth \$2,000, 5½ per cent; balance, 6 per cent.
Exemptions: Single person, \$1,000; married person, \$2,000; for dependents, \$200; married woman with separate income, \$1,000; widow or widower with minor children, \$2,000.

NORTH DAKOTA

Rates: First \$2,000, 1 per cent; second \$2,000, 2 per cent; third \$2,000, 3 per cent; fourth \$2,000, 4 per cent; fifth \$2,000, 5 per cent; balance, 6 per cent.
Exemptions: Single person, \$1,000; married person, \$2,000; for dependents, \$300.

OKLAHOMA

Rates: First \$10,000, 2 per cent; second \$10,000, 3 per cent; next \$80,000, 4 per cent; balance, 5 per cent.
Exemptions: Single person, \$750; married person, \$1,500; for dependents, \$750.

OREGON

Rates: Other than interest and dividends—First \$1,000, 1 per cent; second \$1,000, 2 per cent; third \$1,000, 3 per cent; fourth \$1,000, 4 per cent; balance, 5 per cent; interest and dividends, 8 per cent.

Exceptions: Other than interest and dividends—Single person, \$1,500; married person, \$2,500; for dependents, \$400. Interest and dividends—Single person, the excess of \$1,500 over the total net income, but not more than \$500; married person, the excess of \$2,500 over the total net income, but not more than \$800.

SOUTH CAROLINA

Rates: First \$2,000, 1 per cent; second \$2,000, 2 per cent; third \$2,000, 3 per cent; fourth \$2,000, 4 per cent; balance, 5 per cent.
Exemptions: Single person, \$1,200; married person, \$2,200; for dependents, \$400.

TENNESSEE

Rates: Interest and dividends, 5 per cent.
Exemptions: None.

UTAH

Rates: First \$1,000, 1 per cent; second \$1,000, 1½ per cent; third \$1,000, 1½ per cent; fourth \$1,000, 1½ per cent; fifth \$1,000, 2 per cent; sixth \$1,000, 2½ per cent; seventh \$1,000, 3 per cent; eighth \$1,000, 3½ per cent; balance, 4 per cent. Plus filing fee, \$1.
Exemptions: Single person, \$1,000; married person, \$2,000; for dependents, \$400.

VERMONT

Rates: Business income, 2 per cent; intangible, 4 per cent.
Exemptions: Business—Single person, \$1,000; married person, \$2,000; for dependents, \$250. Intangible (if no other income)—Single person, \$400; married person, \$800.

VIRGINIA

Rates: First \$3,000, 1½ per cent; next \$2,000, 2½ per cent; balance, 3 per cent.
Exemptions: Single person, \$1,250; married person, \$2,800; for dependents, \$400; widow or widower with minor children, \$2,800.

WISCONSIN

Rates: Normal.—First \$1,000, 1 per cent; second \$1,000, 1½ per cent; third \$1,000, 1½ per cent; fourth \$1,000, 2 per cent; fifth \$1,000, 2½ per cent; sixth \$1,000, 3 per cent; seventh \$1,000, 3½ per cent; eighth \$1,000, 4 per cent; ninth \$1,000, 4½ per cent; tenth \$1,000, 5 per cent; eleventh \$1,000, 5½ per cent; twelfth \$1,000, 6 per cent; balance, 7 per cent. Surtaxes—(1) Teacher's surtax, one-sixth of normal rates of income in excess of \$3,000; (2) emergency surtax, 7 per cent.

Credits against normal tax: Single person, \$8; married person, \$17.50; for dependents, \$4.

The Clerk read as follows:

(d) In determining the period for which the taxpayer has held stock or securities the acquisition of which (or the contract or option to acquire which) resulted in the nondeductibility (under section 118 of this act or the revenue act of 1928, relating to wash sales) of the loss from the sale or other disposition of substantially identical stock or securities, there shall be included the period for which he held the stock or securities the loss from the sale or other disposition of which was not deductible.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word, for the purpose of having the gentleman, tired though as he may be, explain this change in the administrative features, so far as the capital net gain or loss provision is concerned. There have been abuses in the way individuals, and in some instances corporations, have sold stocks that have depreciated in price and repurchased them. We have read subsection (d), which is the only change to correct the evil that is acknowledged generally to have existed ever since the capital net gain or loss provision was incorporated in the law. I think it would be informing to the committee to have some member of the Ways and Means Committee explain as to what is sought to be effected by this amendment.

Mr. CRISP. Mr. Chairman, this is one of the important provisions of the administrative features. The gentleman from Kentucky [Mr. VINSON] was on that subcommittee, and I shall ask him to make reply to the gentleman from Wisconsin.

Mr. VINSON of Kentucky. Mr. Chairman, this paragraph fills a gap in the wash-sales provision. To illustrate, a person who owns \$50,000 stock in a corporation and has held it for more than two years; it has depreciated in value, say, to \$25,000; he sells the stock at the market price and buys same amount of stock same day. Under a former law he could take advantage of the total \$25,000 loss. That gap was filled up by prior legislation. After that law was passed the taxpayer, or some shrewd counsel, conceived the idea that he could sell the stock a second time and buy same amount of stock a second time. After he sold this stock for \$25,000 he would go into the market again and buy the same kind of stock back for \$25,000. Under prevailing law he can take credit for \$25,000 loss on his gross income. This new provision says that if he sells the second time, as his shrewd counsel advised him to do, he can not deduct the net loss of \$25,000 from the gross income. All he can do under this subsection (d) is to take credit for 12½ per cent of that loss from his gross income.

Mr. STAFFORD. In all other particulars, however, any person who has suffered a loss in a stock transaction and sells the stock in a bona fide way may deduct that loss from his income-tax return.

Mr. VINSON of Kentucky. That is the law.

Mr. STAFFORD. The committee seeks to strengthen what was intended formerly in respect to these wash-sales provisions by preventing a man from taking a loss a second time.

Mr. VINSON of Kentucky. When a man sells the same stock a second time and buys it back for same price, this law prevents him from getting a complete credit for the original loss and limits it to 12½ per cent of the loss. In the fiscal year of 1933, \$7,500,000 will be saved to the Treasury—\$12,000,000 for 1934.

Mr. STAFFORD. I withdraw the pro forma amendment.

The Clerk read as follows:

(a) If any corporation, however created or organized, is formed or availed of for the purpose of preventing the imposition of the surtax upon its shareholders through the medium of permitting its gains and profits to accumulate instead of being divided or distributed, there shall be levied, collected, and paid for each tax-

able year upon the net income of such corporation a tax equal to 50 per cent of the amount thereof, which shall be in addition to the tax imposed by section 13 and shall be computed, collected, and paid upon the same basis and in the same manner and subject to the same provisions of law, including penalties, as that tax.

Mr. LA GUARDIA. Mr. Chairman, I offer an amendment. I am going to move to strike out of the section, and if it is adopted, I serve notice that I will move to strike out each succeeding paragraph of the section.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. LA GUARDIA offered the following amendment: Strike out, beginning line 20, page 62, and ending line 6, page 64, and insert in lieu thereof the following:

"(a) Tax on personal holding companies: If any personal holding company permits more than 30 per cent of its net income for the taxable year to accumulate instead of being distributed to its stockholders, there shall be imposed an additional tax of 25 per cent of the net income (decreased in the amount of Federal taxes paid for the preceding taxable year), of such company for such year.

"(b) Tax on companies other than personal holding companies: If any corporation other than a personal holding company permits more than 60 per cent of its net income for the taxable year to accumulate instead of being distributed to its stockholders, there shall be imposed an additional tax of 10 per cent of the net income (decreased in the amount of Federal taxes paid for the preceding taxable year) of such company for such year. This subsection shall not apply (1) to any corporation during the first three years of its existence, or (2) to any corporation having a net income of less than \$10,000 for the taxable year, or (3) any banking or insurance corporation.

"(c) Definitions. As used in this section: (1) The term 'personal holding company' means any holding or investment company if (A) 80 per cent or more of its voting stock is owned or controlled, directly or indirectly, by not more than 50 individuals and (B) at least 80 per cent of its gross income for the taxable year is derived from rents, royalties, dividends, interest (excluding tax-exempt interest), and (except in the case of regular dealers in securities) gain from the sale of securities or other assets producing such income. Such term shall not include any banking or insurance corporation.

"(2) The term 'net income' means net income as defined in section 21 plus the amount of the dividend deduction and interest upon obligations of the United States.

"(3) The term 'dividend deduction' means the deduction specified in section 23 (p).

"(4) The term 'interest upon obligations of the United States' means interest upon obligations of the United States issued after September 1, 1917, which would be subject to tax in whole or in part in the hands of an individual owner.

"(d) Collection and payment: The tax imposed by subsections 9 (a) and (b) shall be assessed, collected, and paid upon the same basis and in the same manner and subject to the same provisions of law, including penalties, as the tax imposed by section 13."

Mr. CRISP. May I say to the gentleman from New York that a subcommittee of the Committee on Ways and Means is considering some administrative changes, and I am not certain whether this is one of them or not, because I have been so occupied that I could not sit in with the subcommittee. But, in any event, the gentleman from New York will readily agree that this is a complicated amendment. It is impossible for me, having heard it read, and it is impossible for the committee, to intelligently construe it. Therefore, I am going to ask the gentleman from New York if he will not be willing to have this section passed over, to be called up later, with all of the gentleman's rights reserved, which will give the committee a chance to consider it, whether the subcommittee is considering making a recommendation for a change or not.

Mr. LA GUARDIA. Of course, I shall be very happy to have the section passed at this time. I simply want to state that I can readily understand that the provisions of this section are somewhat involved from just hearing it read. It is very simple in its application, and my surprise is that we have been unable to get the Treasury Department to take the simple provision of section 220, which is now section 104, and apply it as Congress intended.

I simply want to remind the House, and I am sure the distinguished gentleman from Georgia will recall, that a former distinguished chairman of this committee, the gentleman from Iowa, Mr. Green, now Judge Green, labored long and hard on this particular provision.

Section 220 of the revenue act of 1926, which with some slight modifications became section 104 of the revenue act

of 1928, was originated by our former distinguished colleague, Representative William R. Green. He did not draft the language. This was done by the legislative counsel of the House, but Representative Green gave them the plan for it.

Representative Green had much controversy with the Treasury over this provision, because for a long time the Bureau of Internal Revenue did nothing in the way of enforcing it. Finally he threatened to bring their failure to enforce the law before Congress, and as a result some assessments were made in accordance with its provisions, and the understanding now is that somewhere between five and ten million dollars in taxes have been collected under the provisions of section 220.

It must be admitted that section 220 is somewhat difficult of enforcement against a manufacturing corporation and some other corporations as to which the matter of the amount of capital needed is difficult to prove. The same difficulty, however, does not arise with reference to mere holding companies, or companies organized principally for the purpose of holding stock of other companies. For some reason or other the bureau apparently took the position that section 220 did not apply to holding companies—or at least the course they took would indicate this. The cases against holding companies would manifestly be the easiest to prosecute, but none was ever begun. Judge Green proposed an amendment to the 1928 act substantially in the form of the amendment which I now offer. He thought he would make the law so clear and plain that the revenue officials who were manifestly unwilling to act under it could not avoid proceeding against the holding companies at least, of which there were thousands in the country plainly formed for the purpose of evading the tax and subject to the prosecution.

The amendment went through the House without any trouble, but in the Senate it encountered a powerful opposition from organized wealth which was engaged in evading the surtaxes. Possibly if Representative Green had remained in the House he could have saved it. I am inclined to think that the conferees as organized after he left were not heartily in favor of it and it went by the board in conference.

My purpose is simply to further clarify the section as to remove all possibility of its evasion or lack of enforcement. That is all there is to it.

Mr. GOSS. Will the gentleman yield?

Mr. LA GUARDIA. I yield.

Mr. GOSS. As I heard the amendment read, it would appear to me that it would attack surpluses in companies, because undivided profits in a corporation might be construed and are construed as surplus. Is that correct?

Mr. LA GUARDIA. No.

Mr. GOSS. It will not in any way tax surplus?

Mr. LA GUARDIA. It will tax profits that should have been divided. It will only tax profits which should be taxed.

Mr. GOSS. But the gentleman is making a distinction, and we passed upon this point the other day when the committee was considering the 2 per cent tax on surpluses. The amendment which the gentleman has offered would get around the point of actually taxing surpluses by considering the undivided portion of that which the gentleman says should have been divided. So in reality it is a tax up to a certain point—

Mr. LA GUARDIA. Up to a certain amount.

Mr. GOSS. On surpluses.

Mr. LA GUARDIA. Not at all.

Mr. GOSS. I consider a surplus that portion of undivided profits up to a certain point. It depends on where you draw the line.

[Here the gavel fell.]

Mr. GOSS. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GOSS. Up to a certain point it is profit, but beyond that, in the discretion of the company, it may be considered

a surplus, and that is the surplus which was discussed in the committee the other day as being used so advantageously in helping get an exemption, in time of stress, on that amount of money.

Mr. LA GUARDIA. All my amendment does is to clarify section 220 of existing law.

Mr. CRISP. If we are going to pass this over all of this will be debated later.

Mr. GOSS. I wanted to call attention to the fact that it really had the effect of taxing surpluses.

Mr. LA GUARDIA. It has the effect of taxing profits that are not divided for the purpose of evading the tax. That is all. That is the law now.

Mr. CRISP. Mr. Chairman, I am not going to debate this at this time. I have the Treasury Department's explanation of this and why at first they could not operate under it, but recently how they have used it and collected \$6,000,000 or \$7,000,000. But there is no use of debating this now. It is coming up later. I can assure the gentleman from New York that I know the importance of this subject, and the committee is going to consider it. Mr. Chairman, I ask unanimous consent that we pass over this section, with the amendment pending.

The CHAIRMAN (Mr. BLAND). Without objection, it is so ordered.

There was no objection.

The Clerk read as follows:

SEC. 113. ADJUSTED BASIS FOR DETERMINING GAIN OR LOSS

(a) Basis (unadjusted) of property: The basis of property shall be the cost of such property; except that—

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. I notice that for the first time in the history of the income tax law you are changing the basis of the value at which property should be taken in determining gain or loss. Ever since we enacted the first income tax law the basis of value has always been understood to be that of February 28, 1913. In the pending paragraph you strike out all limitations as to the date and merely state that the basis of property shall be the cost of such property. As this amendment is rather important I thought we should pause for some explanation as to the reason for the departure by the committee from the established basis of all these years, the date when the value should be determined.

Mr. CRISP. I will say to my friend that there is no change in the law at all as to the value of the property before March, 1913. This amendment seeks to correct this state of facts: Where a person has held property for several years and has taken depreciation on it, when he trades it to some one else, the person accepting that property in lieu of other property must take the value less the depreciation which the preceding owner had taken for the property.

Mr. STAFFORD. The gentleman says he must take the depreciation which the previous owner has taken, regardless of the price he has given for it.

Mr. CRISP. No. That is just where there is an exchange of property. If I had an apartment house and the gentleman had an apartment house and we made an exchange, then when the gentleman determines the amount of the tax he must pay he returns the apartment house he has received at what it has stood me, the original cost, less the depreciation. The same thing would apply to my return for the property I had taken from him.

These matters, of course, are very technical, and they are rather hard to explain by one who is not a tax expert, and I am not that. However, the report covers the matter fully and explains it. If it will be satisfactory to my friend, I will ask leave to extend my remarks by putting in the RECORD the report dealing with this change. I know how diligent and able my friend is. He will read it, and then later, if he desires to ask any questions, he may do so.

Mr. STAFFORD. I accept the compliment of the gentleman, but I have not the time. I do not read the RECORD, but I follow the proceedings in the House and get my information in that way. The reason for my inquiry was the fact that in the bill, as reported, you strike out after the words "basis (unadjusted) of property" the clause "ac-

quired after February 28, 1913," and I was led to believe that you were seeking a different method of computation because of the elimination of that clause.

Mr. CRISP. None whatever. That was dealing with the exchange of property since then. It does not change the law as to the value of property acquired before 1913.

Mr. VINSON of Kentucky. Paragraph 113, subsection (b), sets forth very clearly what is meant by this basis.

Mr. STAFFORD. I am in full sympathy with the purpose sought to be attained in the exchange of property. I was laboring under the impression that this referred to other transactions besides exchanges.

Mr. CRISP. Oh, no.

Mr. STAFFORD. As the gentleman has referred to the report, he need not burden the Record for my benefit. I shall read the report as to this matter.

Mr. CRISP. I thank the gentleman.

The Clerk read down to and including line 3, on page 80.

Mr. CRISP. Mr. Chairman, the Ways and Means Committee, the majority members and the minority members, are going to have some conferences relative to an amendment to the bill levying additional taxes. Therefore I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that the committee having had under consideration the bill H. R. 10236, the revenue bill, had come to no resolution thereon.

AMENDMENT TO THE CONSTITUTION

The Chair laid before the House the following communication from the State of Virginia:

Therefore be it

Resolved by the Senate and House of Delegates of Virginia:

First. That the said proposed amendment to the Constitution of the United States of America be, and the same is hereby, ratified by the General Assembly of the State of Virginia.

Second. That certified copies of this preamble and joint resolution be forwarded by the secretary of the Commonwealth to the Secretary of State at Washington, to the presiding officer of the United States Senate, and the Speaker of the House of Representatives of the United States.

Agreed to by the Senate of Virginia March 4, 1932.

O. V. HANGER,
Clerk of the Senate

Agreed to by the House of Delegates of Virginia March 4, 1932.

JNO. W. WILLIAMS,
Clerk of the House of Delegates.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to—
Mr. MILLER (at the request of Mr. DRIVER), on account of illness.

Mr. PARKS, for to-day, on account of death in his family.

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend the remarks I made this afternoon by inserting a short article relating to secrecy of tax returns.

Mr. GOSS. Mr. Speaker, I object.

Mr. MALONEY. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the Record a statement setting forth the policy of the New Orleans chapter of the Reserve Officers' Association of the United States as it relates to the national defense.

Mr. STAFFORD. Will the gentleman kindly make that request to-morrow morning when the gentleman from Massachusetts is here? For the time being I object, Mr. Speaker.

ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 3 minutes p. m.) the House adjourned until to-morrow, Tuesday, March 29, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Tuesday, March 29, 1932, as reported to the floor leader by clerks of the several committees:

NAVAL AFFAIRS

(10.30 a. m.)

To amend act making appropriations for the naval service for the fiscal year ending June 30, 1917, relative to leave of absence of civilian employees outside of continental limits of the United States (H. R. 8508).

Private bills.

POST OFFICE AND POST ROADS

(10.30 a. m.)

To regulate the manufacture and sale of stamped envelopes (H. R. 8493, H. R. 8576).

RIVERS AND HARBORS

(10.30 a. m.)

Louisiana projects.

MERCHANT MARINE, RADIO, AND FISHERIES

(10 a. m.)

Subcommittee on Navigation Laws

Regulations for carrying on the business of lighter service (H. R. 408).

PUBLIC LANDS

(10.30 a. m.)

Public domain bill (H. R. 5840).

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. LEAVITT: Committee on Indian Affairs. H. R. 4754. A bill providing for the construction and equipment of a hospital upon the Blackfeet Indian Reservation in the State of Montana; with amendment (Rept. No. 921). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILLIAMSON: Committee on Indian Affairs. H. R. 8902. A bill conferring jurisdiction upon the Court of Claims to hear and determine claims of certain bands or tribes of Indians residing in the State of Oregon; with amendment (Rept. No. 922). Referred to the Committee of the Whole House on the state of the Union.

Mr. BUTLER: Committee on the Public Lands. H. R. 10284. A bill to authorize the acquisition of additional land in the city of Medford, Oreg., for use in connection with the administration of the Crater Lake National Park; without amendment (Rept. No. 925). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CLARK of North Carolina: Committee on Claims. H. R. 7142. A bill for the relief of the heirs of C. K. Bowen, deceased; without amendment (Rept. No. 923). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 243. An act for the relief of S. F. Stacher; without amendment (Rept. No. 924). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 9083) granting a pension to Mary Elliott; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 10389) granting a pension to Vannis J. Baptist; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MILLARD: A bill (H. R. 10883) to prevent desecration of the flag and insignia of the United States, and to provide punishment therefor; to the Committee on the Judiciary.

By Mr. LEAVITT: A bill (H. R. 10884) to authorize the Secretary of the Interior to adjust reimbursable debts of Indians and tribes of Indians; to the Committee on Indian Affairs.

By Mr. SHALLENBERGER: A bill (H. R. 10885) to promote the safety of employees and travelers upon railroads by compelling common carriers by railroad engaged in interstate and foreign commerce to man locomotives, trains, and other self-propelled engines or machines with competent employees to provide the least number of men that may be employed on locomotives, trains, and other self-propelled engines or machines, to provide qualifications for certain employees, and providing a penalty for the violation thereof; to the Committee on Interstate and Foreign Commerce.

By Mr. JOHNSON of Washington: A bill (H. R. 10886) to levy a tax on articles of merchandise produced wholly or in part by labor subject to penal sanctions or disabilities for refusal to work, and for other purposes; to the Committee on Ways and Means.

By Mr. HILL of Alabama: A bill (H. R. 10887) to provide for the leasing and other utilization of the Muscle Shoals properties, in the interest of national defense and of agriculture, and for other purposes; to the Committee on Military Affairs.

By Mr. RICH: A bill (H. R. 10888) to authorize the erection of a United States Veterans' Administration hospital in the north central part of the State of Pennsylvania; to the Committee on World War Veterans' Legislation.

By Mr. PEAVER: A bill (H. R. 10889) relating to the transfer of ammunition; to the Committee on Military Affairs.

By Mr. CAVICCHIA: Joint resolution (H. J. Res. 346) granting permission to Col. Gerard McEntee, assistant chief of staff, Seventy-eighth Division, to accept the grade and decoration bestowed upon him by the King of Italy; to the Committee on Military Affairs.

By Mr. OLIVER of Alabama: Joint resolution (H. J. Res. 347) to provide assistance in the rehabilitation of certain storm-stricken areas in the United States and in relieving unemployment in such areas; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H. R. 10890) for the relief of Lieut. Jack C. Richardson, United States Navy; to the Committee on Claims.

Also, a bill (H. R. 10891) to provide for the reimbursement of Guillero Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama; to the Committee on Claims.

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 10892) granting a pension to Walter W. Laflame; to the Committee on Pensions.

Also, a bill (H. R. 10893) granting an increase of pension to Margaret A. Atkinson; to the Committee on Invalid Pensions.

By Mr. CANFIELD: A bill (H. R. 10894) granting an increase of pension to Melanie L. Schultheiss; to the Committee on Invalid Pensions.

By Mr. CARDEN: A bill (H. R. 10895) granting a pension to Nancy A. Scott; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10896) granting a pension to William B. Priddy; to the Committee on Invalid Pensions.

By Mr. CHAPMAN: A bill (H. R. 10897) for the relief of R. L. Lakes; to the Committee on Claims.

Also, a bill (H. R. 10898) for the relief of Nannie Minish Massie; to the Committee on Claims.

By Mr. CLARK of North Carolina: A bill (H. R. 10899) for the relief of James Higdon; to the Committee on Claims.

By Mr. CONNERY: A bill (H. R. 10900) for the relief of Julia E. Smith; to the Committee on Claims.

By Mr. DALLINGER: A bill (H. R. 10901) for the relief of John Joseph Keefe; to the Committee on Naval Affairs.

By Mr. DEROUEN: A bill (H. R. 10902) granting an increase of pension to Ella Gayle Reed; to the Committee on Pensions.

By Mr. DOMINICK: A bill (H. R. 10903) for the relief of Edna J. Getsinger; to the Committee on Claims.

Also, a bill (H. R. 10904) granting a pension to Edna J. Getsinger; to the Committee on Pensions.

By Mr. FIESINGER: A bill (H. R. 10905) for the relief of George Feick & Sons Co.; to the Committee on Claims.

By Mr. HARDY: A bill (H. R. 10906) granting a pension to Robert C. Southerland, jr.; to the Committee on Pensions.

By Mr. HARLAN: A bill (H. R. 10907) for the relief of George Dietrich; to the Committee on Military Affairs.

By Mr. HOGG of West Virginia: A bill (H. R. 10908) granting an increase of pension to Martha Thomas; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10909) granting back pay to Auguste C. Loiseau; to the Committee on World War Veterans' Legislation.

By Mr. HERR: A bill (H. R. 10910) for the relief of John P. Ryan; to the Committee on Claims.

By Mr. JENKINS: A bill (H. R. 10911) granting an increase of pension to Margaret E. Chambers; to the Committee on Invalid Pensions.

By Mr. KADING: A bill (H. R. 10912) granting a pension to Lorian M. Blackman; to the Committee on Invalid Pensions.

By Mr. LICHTENWALNER: A bill (H. R. 10913) for the relief of F. S. Wertz & Son; to the Committee on Claims.

By Mr. LUDLOW: A bill (H. R. 10914) granting an increase of pension to Florence S. McGinnis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10915) to correct the military record of Henry A. Tate; to the Committee on Military Affairs.

By Mr. MCCLINTOCK of Ohio: A bill (H. R. 10916) granting a pension to Anna G. Van Horn; to the Committee on Pensions.

By Mr. McFADDEN: A bill (H. R. 10917) granting an increase of pension to Helen J. Card; to the Committee on Invalid Pensions.

By Mr. RAINEY: A bill (H. R. 10918) granting an increase of pension to Alvira Petit; to the Committee on Invalid Pensions.

By Mr. THURSTON: A bill (H. R. 10919) granting a pension to Sarah Stewart; to the Committee on Invalid Pensions.

By Mr. TIERNEY: A bill (H. R. 10920) granting an increase of pension to Maria C. Hill; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, the following petitions and papers were laid on the Clerk's desk and referred as follows:

5066. By Mr. ANDREWS of New York: Resolution adopted by New York State Senate, urging Congress to enact legislation to provide for the suitable regulation of the transportation of persons in motor vehicles in interstate and foreign Commerce; to the Committee on Interstate and Foreign Commerce.

5067. Also, resolution adopted by Group No. 2123 of the Polish National Alliance of the United States, memorializing Congress to enact legislation directing the President of the United States to proclaim October 11 General Pulaski's Memorial Day; to the Committee on the Judiciary.

5068. Also, petition of the members of Cataract Lodge, No. 1093, of the Brotherhood of Railway Carmen of America, and of the Niagara Falls Central Labor Union, urging opposition to reduction in salaries of Federal employees; to the Committee on Expenditures in the Executive Departments.

5069. By Mr. BUCKBEE: Petition of Amil J. Bernardin and 143 others, residents of Compton, Ill., and vicinity, urging passage of House bill 137, known as the Summers good road bill; to the Committee on Roads.

5070. By Mr. CHAVEZ: Petitions against compulsory Sunday observance; to the Committee on the District of Columbia.

5071. Also, petitions to prevent a referendum or any modification or repeal of the eighteenth amendment to the Constitution of the United States; to the Committee on the Judiciary.

5072. By Mr. CROWTHER: Petition of Group 2417 of the Polish National Alliance of the United States, located at Schenectady, N. Y., urging enactment of House Joint Resolution 144; to the Committee on the Judiciary.

5073. Also, petition of Group 1947 of the Polish National Alliance of the United States, located at Schenectady, N. Y., urging enactment of House Joint Resolution 144; to the Committee on the Judiciary.

5074. By Mr. DAVENPORT: Petition of John R. Jones and 22 other veterans, of Rome, N. Y., requesting immediate cash payment at full face value of the adjusted-compensation certificates created by the World War adjusted compensation act of 1924, with a refund of all interest charges on loans pending against these certificates; to the Committee on Ways and Means.

5075. By Mr. EVANS of California: Petition signed by approximately 11 persons, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

5076. By Mr. EVANS of Montana: Resolution of Mable F. Robertson, of the Montana State branch of the National Woman's Party, urging submission to the States for ratification of the equal-rights amendment; to the Committee on the Judiciary.

5077. By Mr. GARBER: Petition of citizens of Oklahoma, urging reimbursement of revolving fund of Federal Farm Board; to the Committee on Ways and Means.

5078. Also, petition of war veterans and legionnaires of Boise City, Okla., indorsing House bill 10367, providing for the payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

5079. Also, petition of the Pittsburgh Coal Co., opposing House bill 9390, to place the regulation of water-borne commerce on inland waterways under the jurisdiction of the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

5080. By Mr. HAINES: Petition of 74 residents of York County, Pa., protesting against the compulsory Sunday observance bill, S. 1202, entitled "A bill providing for the closing of barber shops on Sunday in the District of Columbia," or any other compulsory religious measures that have been or shall be introduced, such as House bill 8092; to the Committee on the District of Columbia.

5081. By Mr. HALL of Mississippi: Petition of the rural carriers of Laurel, Miss., opposing any bill placing rural routes on a contract basis; to the Committee on the Post Office and Post Roads.

5082. By Mr. HOGG of West Virginia: Petition of 16 citizens of Hunting, W. Va., opposing House bill 8092; to the Committee on the District of Columbia.

5083. By Mr. HOUSTON of Hawaii: Petition of the Woman's Christian Temperance Union of Hawaii, representing 650 people, opposing the resubmission of the eighteenth amendment to be ratified by State conventions or by State legislatures; to the Committee on the Judiciary.

5084. By Mr. JOHNSON of Texas: Petition of G. R. Varner, Gause, Tex., favoring immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

5085. By Mr. JAMES: Petition of Alfred Erickson Post, No. 186, American Legion, Roy F. Strang, adjutant, Hancock, Mich., favoring a tariff on copper; to the Committee on Ways and Means.

5086. Also, petition of Victor Watia, president; Charles E. Kukka, secretary; Louis A. Keary, chairman; and Henry F. Carlson, secretary, resolutions committee, Knights of Kaleva, Hancock, Mich., favoring a tariff on copper; to the Committee on Ways and Means.

5087. Also, resolution indorsed by the Kiwanis Club of Ironwood, Mich., E. L. Mueller, president, and C. A. Trethewey, secretary, favoring a tariff on copper; to the Committee on Ways and Means.

5088. Also, petition of Robert Renwick and 39 other residents of Calumet, Mich., favoring a tariff on copper; to the Committee on Ways and Means.

5089. Also, petition of Hancock Rotary Club, Hancock, Mich., by A. W. Quandt, president, and U. V. Tervo, secretary, favoring a tariff on copper; to the Committee on Ways and Means.

5090. Also, petition of Rev. S. V. Autere, pastor of Bethlehem Lutheran Church, Laurium, Mich., favoring a tariff on copper; to the Committee on Ways and Means.

5091. By Mr. JENKINS: Petition signed by 19 members of the Ohio Railroad Employees and Citizens League, protesting against the unjust, unreasonable, and discriminatory operation of inadequately regulated and taxed busses and trucks engaged in transportation, and against the subsidizing with public funds of water and other forms of transportation competitive with railroads; to the Committee on Interstate and Foreign Commerce.

5092. Also, petition signed by 82 members of the Ohio Railroad Employees and Citizens League of Ironton, Ohio, protesting against the unjust, unreasonable, and discriminatory operation of inadequately regulated and taxed busses and trucks engaged in transportation, and against the subsidizing with public funds of water and other forms of transportation competitive with railroads; to the Committee on Interstate and Foreign Commerce.

5093. By Mr. JONES: Petition of J. Grady Ponder, commander Zoller Post, No. 112, American Legion, Happy, Tex., and other citizens; to the Committee on Ways and Means.

5094. By Mr. KLEBERG: Petition of citizens of the counties of Bee, Bexar, Blanco, Comal, Guadalupe, Karnes, Nueces, San Patricio, and Wilson, asking that Congress enact no legislation which will tend to destroy the effectiveness of the agriculture marketing act, and that said act be retained without impairment; to the Committee on Agriculture.

5095. By Mr. LANHAM: Petition of World War Veterans of Parker County, Tex., favoring cash payment of face value of adjusted-compensation certificates; to the Committee on Ways and Means.

5096. By Mr. LINDSAY: Petition of Brooklyn Chamber of Commerce, Brooklyn, N. Y., referring to improper adjustment of rates of duty as between raw and refined sugar; to the Committee on Ways and Means.

5097. Also, petition of the International Printing Ink Corporation, New York City, referring to filing of consolidated tax returns; to the Committee on Ways and Means.

5098. Also, petition of the New York Society for the Prevention of Cruelty to Children, opposing certain provisions in the Capper-Norton bill, S. 3448; to the Committee on Labor.

5099. By Mr. MAGRADY: Petition signed by 140 citizens of the State of Pennsylvania, urging the Congress not to pass Senate bill 1202 or any other compulsory Sunday observance bills that have been or may be introduced, such as House bill 8092; to the Committee on the District of Columbia.

5100. By Mr. MANLOVE: Petition of the following veterans of foreign wars: Carl Hamke, William E. Davidson, R. N. Blut, M. Wilhelm, James T. Summly, Walter D. Davis, J. J. Bowman, Jess Mootry, Jesse F. Nichols, W. W. Rabinett, Henry A. Schnitzer, John Bridges, H. H. Callins, Albert C. Hall, William W. Herd, John D. Gummly, James Roller, all of Seligman, Mo., begging support of immediate payment of adjusted-compensation certificates; to the Committee on Ways and Means.

5101. By Mr. MEAD: Petition of Polish National Alliance, Group No. 2168, urging enactment of House Joint Resolution 144; to the Committee on the Judiciary.

5102. Also, petition of Brooklyn Chamber of Commerce, urging action to safeguard the American sugar-refining industry; to the Committee on Ways and Means.

5103. Also, petition of New York State Legislature, urging enactment of legislation to provide adequate regulation of the transportation of persons and property in interstate and foreign commerce by motor carriers operating motor vehicles for compensation, by charter or by contract, on the public

highways in interstate or foreign commerce; to the Committee on Interstate and Foreign Commerce.

5104. By Mr. PARKER of Georgia: Petition of Gray Meek, Nicholls, Ga., advocating constructive legislative program for the Postal Service; to the Committee on the Post Office and Post Roads.

5105. Also, petition of J. C. Crumbley, R. & E. Nut & Pecan Co., K. M. Sisterhenm, G. H. Lauz, Frank C. Mathews, all of Savannah, Ga., urging the enactment of legislation regulating the interstate traffic of busses and trucks carrying passengers and freight; to the Committee on Interstate and Foreign Commerce.

5106. By Mr. RAINEY: Petition of Dan McLaughlin and 59 other citizens of southern Illinois, requesting that Government expenses be cut; to the Committee on Appropriations.

5107. Also, petition of C. W. Witwer and 43 other citizens of southern Illinois, requesting that Government expenses be cut; to the Committee on Appropriations.

5108. Also, petition of F. N. Cunningham and 14 other citizens of southern Illinois; requesting that Government expenses be cut; to the Committee on Appropriations.

5109. Also, petition of J. W. Barth and 58 other citizens of southern Illinois; requesting that Government expenses be cut; to the Committee on Appropriations.

5110. Also, petition of A. C. Brown and 33 other citizens of southern Illinois, requesting that Government expenses be cut; to the Committee on Appropriations.

5111. Also, petition of J. N. Moore and 60 other citizens of southern Illinois, requesting that Government expenses be cut; to the Committee on Appropriations.

5112. Also, petition of Frank Lambb and 60 other citizens of Chebanse, Ill., concerning the tax bill; to the Committee on Ways and Means.

5113. By Mr. RUDD: Petition of the State of New York Conservation Department, Albany, N. Y., opposing the reductions in appropriations for the control of the white pine blister rust, brown-tail and gipsy moth; to the Committee on Appropriations.

5114. Also, petition of the International Printing Ink Corporation, New York City, with reference to the filing of consolidated tax returns; to the Committee on Ways and Means.

5115. By Mr. SELVIG: Petition of Lee W. Dobbs and 19 other veterans of Battle Lake, Minn., urging cash payment of face value of bonus certificates; to the Committee on Ways and Means.

5116. Also, petition of Hubbard Post, No. 336, Neilsville, Minn., urging full payment of adjusted-compensation certificates with interest excluded; to the Committee on Ways and Means.

5117. Also, petition of Heron Lake (Minn.) American Legion Post, urging immediate payment of adjusted-service certificates; to the Committee on Ways and Means.

5118. Also, petition of American Legion Post, No. 31, Mahnomen, Minn., supporting immediate payment in full of adjusted-service certificates; to the Committee on Ways and Means.

5119. Also, petition of American Legion Post, No. 31, Mahnomen, Minn., favoring enactment of House bill 8578, widows and orphans pension bill; to the Committee on Pensions.

5120. By Mr. SHOTT: Petition of M. Z. White and 99 others of Williamson, W. Va., urging legislation providing for the regulation of bus and truck lines and placing them under the direction of the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

5121. Also, petition of W. W. Anderson and 39 other veterans of the World War, of Bluefield, W. Va., urging cash payment of face value of adjusted-compensation certificates, with a refund of all interest charges on loans pending against these certificates; to the Committee on Ways and Means.

5122. By Mr. SWING: Petition signed by 102 residents of San Diego, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

5123. Also, petition signed by 13 residents of Alpine, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

5124. By Mr. TARVER: Petition of 33 ex-service men of Smyrna, Ga., asking the immediate cash payment of the adjusted-service compensation; to the Committee on Ways and Means.

5125. Also, petition of 81 ex-service men of Hiram, Ga., asking the immediate cash payment of the adjusted-service compensation; to the Committee on Ways and Means.

5126. By Mr. THOMASON: Petitions of the Texas and Southwestern Cattle Raisers Association, indorsing certain bills designed to strengthen the Federal intermediate credit banks; urging Congress to make adequate appropriation to carry on the work of the Biological Survey in controlling predatory animals; indorsing House Joint Resolution 12, authorizing the States to issue quarantines awaiting action by the Secretary of Agriculture; and protesting against any reduction in the appropriation of the Federal Farm Board; to the Committee on Agriculture.

SENATE

TUESDAY, MARCH 29, 1932

(Legislative day of Wednesday, March 23, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Kean	Schall
Austin	Couzens	Kendrick	Sheppard
Bailey	Davis	Keyes	Shipstead
Bankhead	Dickinson	King	Shortridge
Barbour	Fess	Lewis	Smoot
Barkley	Fletcher	Logan	Steiwer
Bingham	Frazier	McGill	Thomas, Idaho
Black	George	McKellar	Thomas, Okla.
Borah	Glass	McNary	Townsend
Bratton	Glenn	Morrison	Trammell
Brookhart	Goldsborough	Moses	Tydings
Broussard	Gore	Neely	Vandenberg
Bulkeley	Hale	Norbeck	Wagner
Bulow	Harrison	Norris	Walcott
Byrnes	Hastings	Nye	Walsh, Mass.
Capper	Hatfield	Oddie	Waterman
Caraway	Hayden	Patterson	Watson
Carey	Hebert	Pittman	Wheeler
Connally	Hull	Reed	
Coolidge	Johnson	Robinson, Ark.	
Copeland	Jones	Robinson, Ind.	

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. HARRIS] is still detained from the Senate because of illness. I will let this announcement stand for the day.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is absent in attendance upon the disarmament conference at Geneva.

Mr. BYRNES. I wish to announce that my colleague the senior Senator from South Carolina [Mr. SMITH] is necessarily detained by serious illness in his family.

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

E. F. CREEKMORE

Mr. ROBINSON of Arkansas. Mr. President, some days ago, when the proceedings of the Federal Farm Board having relation to the salary received by the general manager of the American Cotton Cooperative Association were under discussion in the Senate, I stated to the Senate that Mr. E. F. Creekmore, general manager of that cooperative association, was domiciled in or a resident of Oklahoma; that he had formerly lived at Fort Smith, Ark., implying a change of residence.

That statement was incorrect. Mr. Creekmore was born in the State of Arkansas, and at the time of his acceptance of the position he now holds he was prominently connected in business there, having been president of the chamber of